

The Incorporated Accountants' Journal

The Official Organ of
The Society of Incorporated Accountants and Auditors

THE INCORPORATED ACCOUNTANTS' JOURNAL is published monthly, on the first day of each month, at an Annual Subscription of 12s. 6d., which includes postage to all parts of the world. The price of a single copy is 1s. 3d., postage extra.

Communications respecting the general business of the paper to be addressed to the Secretary of the Society of Incorporated Accountants and

Auditors, Incorporated Accountants' Hall, Victoria Embankment, London, W.C.2. Cheques and postal orders should be made payable to the Society, and crossed "Bank of England."

Letters for the Editors to be forwarded to them, care of the Secretary, as above. Correspondence, copies of reports and accounts, &c., will be welcomed from the profession.

Vol. XLIV

NOVEMBER, 1932

No. 2

Contents.

	PAGE
Professional Notes	31
Bank Account Transfers (Article)	33
Periodic Payments and Garnishee Orders (Article)	34
Incorporated Accountants' London and District Society: Complimentary Luncheon to Mr. E. Cassleton Elliott	36
Chartered Institute of Secretaries: Autumn Meeting	40
Incorporated Accountants' Lodge	40
Obituary	40
Surtax on Limited Companies: Lecture by Mr. H. A. R. J. Wilson, F.S.A.A., F.C.A.	41
Society of Incorporated Accountants and Auditors:—	
Council Meeting	46
Membership	52
Incorporated Accountants' Examinations: Lecture by Mr. R. A. Witty, F.S.A.A.	47
Reviews	53
Changes and Removals	53
Incorporated Accountants' Golfing Society	52
Assessment of Building Societies: Examples of Computations	54
West of England District Society of Incorporated Accountants: Annual Dinner	56
Incorporated Accountants of South Wales: Golf Meeting	57
Professional Appointment	57
Incorporated Accountants' District Society of East Anglia: Annual Dinner	57
District Societies of Incorporated Accountants	59
Scottish Notes	61
Legal Notes	62

The one essential, he said, was a balance between production and consumption, and he likened production to one scale of a balance and consumption to the other, the beam being money or the means of exchange. The result was that if a heavy weight was put on one scale the balance had to be adjusted by increasing the weight on the other, and a strain was thus thrown on the beam in getting back to the balancing point. This represented to some extent what had happened in relation to the world's economic organisation. While the world's productive capacity had greatly increased since the war, both by the improvement of machinery and the multiplication of producing plants, consumption had not increased to anything like the same degree. The two sides of the scale had thus been thrown out of balance.

Professional Notes.

THE Autumn Session of the Incorporated Accountants' London and District Society opened with a Luncheon to the President of the Parent Society, Mr. E. Cassleton Elliott. The function was both enjoyable and interesting, Mr. Elliott, in the course of his speech, giving his views as to what an accountant can do for his client and what the client is entitled to expect of him. A full report of the proceedings appears in another column.

Some interesting points in relation to the present world crisis were brought out by Mr. H. E. Davis, F.S.A.A. in a lecture he gave to the Incorporated Accountants' Students' Society of London last month. His subject was "Some Monetary Problems," and he defined money as a commodity used for the purpose of measuring both production and consumption values on the same basis, thus enabling ready exchange.

In relation to the question of production and consumption, we doubt if it is generally realised that, notwithstanding our heavy figures of unemployment, there were employed in this country a year or so ago about one million and a quarter more persons than before the war. The anomaly of the situation is that on the one hand there is a world surplus of goods seeking a market, and on the other hand there are millions of persons unemployed who are unable to purchase the necessities of life.

At the annual meeting of the Law Society, Mr. C. E. Barry in his Presidential Address referred to the Solicitors Bill, and said that the Law Society had now decided to bring in a shorter Bill giving the Council power to make rules for the keeping of accounts by solicitors and certain powers of discipline over those who failed to comply with those rules. The Bill is to be introduced into Parliament in the autumn session, its principles having already been

approved by the profession, and it is intended that it shall be pressed on as quickly as possible.

Another point referred to by the President of the Law Society was the two-thirds rule in regard to counsel's fees. This, he said, had recently been modified in cases where the leader's fee exceeded 150 guineas, but as the modification affected only a comparatively small number of cases the Council of the Law Society did not think that it went far enough. The likelihood, therefore, is that more will be heard of this at an early date.

Mr. Justice Finlay had an interesting case before him in the King's Bench Division last month in the form of an appeal from the decision of the Special Commissioners in relation to a surtax assessment on a distribution of rents by a company in excess of the Schedule A assessments. The case was *Neumann v. Commissioners of Inland Revenue* and the company in question was the Salisbury House Estate Limited, which, it will be remembered, obtained a favourable judgment some little time ago in regard to its liability to Income Tax. As above indicated, the company's rents very substantially exceeded the annual value of the properties under Schedule A, and the House of Lords decided that those excess rents could not be assessed under Schedule D as being profits of a trade or business. The distribution by the company in respect of which the appeal arose was admitted to have been paid out of a surplus of accumulated rents which remained in the hands of the company after profits had been distributed to the amount of any assessments made on the company.

In giving judgment his Lordship said that, as the House of Lords had decided that the excess rents were not assessable under Schedule A and could not be brought in as being profits of trade under Schedule D, it followed that the company, not having borne tax, could not pass on to the shareholders tax not borne by itself, and a shareholder could not be made to bear a share of tax which the company had not borne and was not liable to bear. In other words, the distribution was a distribution of a fund which was not liable to tax, and it seemed to him to follow inevitably that the recipient was not liable to tax. As regards the question of surtax, which was the point in question in this case, his Lordship said that surtax was levied on what was conveniently called "Income Tax income," and it was impossible to go outside the ambit of income liable to Income Tax and to bring in that which

in his view was not liable to Income Tax. He accordingly gave judgment against the Inland Revenue reversing the decision of the Special Commissioners.

A somewhat unusual point arose in the Divisional Court the other day in relation to an Income Tax assessment upon a Mr. G. A. Horner. In order to pay certain of the premiums on an endowment life policy he had borrowed money from the insurance company, and when the policy matured the amount borrowed, which amounted to £105, was deducted by the company. The Inland Revenue refused to allow the premiums represented by this sum as a charge for Income Tax purposes on the ground that the premiums had never in fact been paid and that the deduction of £105 from the proceeds of the policy was merely the payment of a debt to the company. The Court decided in favour of the Inland Revenue confirming the decision which had been given by the Commissioners.

A number of leading economists, including University Professors and others, have been expressing their opinions in the public Press as to the merits, from the national point of view, of private individuals saving or spending. One group takes the view that money saved and invested in existing securities is not in the public interest. This is contested by another group who argue that under modern conditions the security markets are an indispensable part of the mechanism of investment and that a rise in the value of old securities is a necessary preliminary to the flotation of new issues. It is further pointed out that the fact of someone realising securities indicates a likelihood on his part that he is proposing to use the money derived from those securities and thus to put into circulation that which the person who is investing has saved by the exercise of economy.

There is also a disagreement between the two groups on the question of expenditure by public authorities on undertakings such as libraries, museums or swimming baths, the argument on the one hand being that such expenditure creates employment, and on the other that it tends to increase the burden of local rates. We think the great majority of people will be disposed to endorse the view expressed by the Chancellor of the Exchequer, that both national and local public authorities ought for the present to confine themselves to essentials; that amenities are luxuries, the expenditure on which, in hard times, should be left to those private individuals

who have money to spare; but that on the other hand it is a mistaken form of economy for a man to abstain from spending if he can afford it.

A panel of investigators appointed by the Secondary School Examinations Council to enquire into the working of the school certificate examination has made its report, the main feature of which is that in the opinion of those constituting the panel the school certificate examination should no longer be accepted by the Universities as an alternative to their own matriculation examinations, and further that it should not be permissible for pupils in secondary schools to take an external matriculation examination unless they are genuine candidates for admission to a University and are at least 17 years of age. At the same time they recommend the acceptance for the purpose of matriculation of a school certificate without specific conditions attached to it, if supported by a higher certificate or an *ad hoc* examination of a suitable kind as an alternative to a higher certificate examination.

Building societies apparently consider that they are to be seriously affected by the new arrangement with regard to the assessment of their liability to Income Tax, which was referred to in our Professional Notes last month. As an example of this the Abbey Road Building Society estimates an additional outgoing for Income Tax in the current year of not less than £150,000. In order to meet the situation thus created the society has decided to reduce the rate of interest on deposit accounts to $3\frac{1}{2}$ per cent. and on new fully paid shares to 4 per cent., in both cases free of Income Tax.

Further representations to the General Committee of the Stock Exchange on the subject of agents' commissions have been made by a large number of stockbrokers and jobbers, but the Committee have again decided to adhere to their original recommendation that the commission should be not more than 50 per cent. to bankers and $33\frac{1}{3}$ per cent. to other agents. The claim that a referendum in the form of a secret ballot should be taken was rejected on the ground that after eliminating those who were neither stockbrokers nor jobbers the number who signed the petition was not sufficient to warrant the course which was advocated. It was pointed out that the matter was one which concerned brokers principally, and that much more than one half of the total number of brokers had refrained from taking part in the petition.

At the beginning of last month the money market was a little surprised at the announcement by the Bank of England of an issue of £150,000,000 2 per cent. Treasury Bonds at par repayable at the latest in $5\frac{1}{2}$ years. The demand for short-dated securities at the present time, however, is so great that the issue was taken up within an hour of the opening of the lists, mainly, it is believed, by banks, insurance companies and other large institutions.

There still remains to be provided before December 1st next a sum of £165,000,000 for the repayment of the unconverted balance of the 5 per cent. War Loan, and about £18,000,000 for the remaining balance of the old $4\frac{1}{2}$ per cent. War Loan, and there is a good deal of speculation as to how this provision is to be made. It is felt that with the success which has attended the Government's recent funding operations they may have plans in view for dealing with this amount by the issue of a long term security at even a lower rate than the recent large $3\frac{1}{2}$ per cent. issue, and that in order to secure a favourable opportunity for such an issue the amounts payable on December 1st may be temporarily financed by Treasury Bills and unappropriated balances which the Government have in hand from other sources.

A Shareholders' Protection Association has been registered as a company limited by guarantee. Its object is to keep a close watch on the affairs of companies in which its members are interested, including investments and other interests in subsidiary concerns. It will also bring under review proposals for amalgamation and schemes of reconstruction, involving the writing down of capital and the cancellation or exchange of shares, and will act as proxy-holder for its members and represent them at meetings. The executive includes some well known names, and the annual subscription is a nominal one.

BANK ACCOUNT TRANSFERS.

OCCASIONALLY it becomes necessary to consider the precise legal effect of instructions to a banker to transfer to a third party the balance of a customer's account. In the recent case of *Rekstin v. Komseverputz Bureau* instructions of this nature were given at 1.45 p.m. on September 2nd and the necessary entries in the books of the bank were completed by 3 p.m.; but later on the same day a judgment creditor of the customer by whom the instructions were given served a garnishee order on the bank.

If when this order was served the person to whom the account had been transferred was entitled to the balance, the garnishee order was plainly ineffective. But the garnishor contended that, in the circumstances of the case, the transfer was not complete at the time when he served the order on the bank.

There was no doubt that all necessary book-keeping entries had been made before the order was served, but no notice of the transfer had been given to the transferee, who apparently at that time was not aware that a transfer to him was to be made.

Now, in *Morrell v. Wooten* (1852) it was said that though, where an equitable assignment of a debt is made, the consent of the assignee is not essential for the completion of the assignment (a decision supported in *Brandts v. The Dunlop Company* (1905)), an equitable assignment is not necessarily created whenever a creditor instructs his debtor to pay what is due to him to a third party. And in the same case it was held that, if such instructions do not create an equitable assignment, the third party obtains no title to the debt until the instructions have been communicated to him. Moreover, the Court expressed the opinion that, where a customer gives an order to his banker to pay over a sum of money to a third party, such an order is a mere "naked authority to pay" and does not constitute an equitable assignment. In such circumstances the person who gives the instructions may revoke them at any time before they are communicated to the person to whom the money is directed. In *Rekstin v. Komseverputz Bureau* the garnishor argued that his garnishee order revoked the authority given to the banker, citing in support of his argument *Rogers v. Whitely* (1892), in which it was held that where a garnishee order is served on a banker he is entitled to dishonour cheques drawn on the garnisheed account; and *Joachimson v. Swiss Banking Corporation* (1921), in which this decision was approved. With this argument the Court of Appeal agreed, and *Rekstin's* case is now authority for the following proposition:

Where a customer instructs his banker to transfer the balance of his account to a third party, and a garnishee order is served on the banker before notice of the instructions are given to the said third party, the order has the effect of directions countermanding the customer's instructions.

In passing, it is useful to remember that sect. 53 of the Bills of Exchange Act, 1882, provides that a bill of itself does not operate as an assignment of funds in the hands of the drawee, but though the point is not entirely irrelevant it is not in issue at the moment.

PERIODIC PAYMENTS AND GARNISHEE ORDERS.

JUDGMENT creditors must exercise great care before seeking to attach a periodic payment such as a salary or pension payable to the judgment debtor, for a large number of such periodic payments are exempt from that form of process, e.g., wages of labourers or salaries of public officers—under specific statutory enactments. But even where the payment is of a class which it is possible to attach the creditor should satisfy himself that the specific payment to which he proposes to look has in fact become attachable; otherwise he may find that he has embarked upon a process which is not merely costly but also abortive. This was well illustrated by the case of *Hall v. Pritchett; The Corporation of Huddersfield, Garnishees* (1877). By the County Court Rules, 1903 to 1930, it is provided that a judgment creditor may "enter a plaint to obtain payment to him of the amount of the debt due to the debtor from the garnishee," whereupon a summons "calling upon the garnishee to show cause why he should not pay to the person who has obtained such judgment or order the debt due from him to such debtor" shall be issued by the Registrar, and the summons when served on the garnishee shall bind in his hands "all debts due, owing, or accruing from him to the debtor liable under the judgment or order." Under analogous Rules then obtaining the Huddersfield County Court made an order, in the case above mentioned, directing the attachment of £20 16s. 8d. due on June 30th, 1877, to the judgment debtor as the monthly payment to be made by the garnishees who employed him at an annual salary of £250. The plaintiffs had obtained judgment against the judgment debtor for £21 2s. 2d. The garnishees appealed to have the Order of the County Court set aside on the ground that the debt attached was not due, owing or accruing at the time when the summons was issued or when the Order was made. The Divisional Court (Chief Justice Cockburn and Mr. Justice Mellor) allowed the appeal, saying that "future salary cannot be attached." It was pointed out that in such a case as this there is no actual debt, but merely a potential liability, for before his next monthly salary falls due a judgment debtor may forfeit his right to it, e.g., by misconducting himself in his office so as to justify his employers in refusing payment.

The principle was dealt with also in *Jones v. Thompson* (1858), where Mr. Justice Wightman said that a debt "accruing" referred to a "*debitum in praesenti solvendum in futuro*"; there must

be "a debt perfected" in order to entitle a judgment creditor to the benefit of such a provision (to attach). Mr. Justice Crompton elucidated the matter thus: "There must be a debt which, though not due in point of payment, is yet an absolute debt. There is a large class of cases which comes under this head, such as the case between the drawer and payee of a promissory note still running—where there is a debt. On the other hand, it is not sufficient that in all probability there will be a debt, as in the case of rent or annuities not yet due. The mere fact that it is most probable that there will be a debt is not sufficient. There must be an actual debt."

Edmunds v. Edmunds (1904) was a matrimonial suit in which garnishee proceedings were judicially considered and commented upon. There the judgment creditor, Mrs. Elizabeth Edmunds, had been the petitioner in matrimonial proceedings in which her husband, Percy Edmunds, had been ordered to pay to her the monthly sum of £12 10s. She now applied to make absolute garnishee orders *nisi* obtained by her in respect of arrears of the monthly sums so ordered to be paid to her and costs incurred in the Divorce Court. The judgment debtor held offices under the Westminster Union Guardians as public vaccinator and registrar of births and deaths. It was contended that the sums in question were not debts due or accruing from the garnishee to the judgment debtor. Mr. Justice Gorell Barnes examined very closely the terms of the debtor's contracts of service. With regard to his vaccination duties, it appeared that he had to keep a register of vaccinations in prescribed form, to be presented to the Guardians for their inspection every quarter; payment was to be made to him every quarter at a specified rate per person vaccinated whose name and prescribed particulars should be found to be duly entered in the register, but payment of his account was not to be made unless he should have fulfilled all the conditions and regulations applicable to his office. Upon a consideration in detail of the phraseology of the contract the learned Judge held that it must be interpreted to provide that "for each fee in respect of which he does the work and successfully vaccinates a patient he is to be paid, and that if he did not do all that was necessary under the terms of the contract in respect of some subsequent fees, this would not forfeit his right to those fees which he had properly earned and registered." Accordingly he held that fees "effectually earned" up to the date of the garnishee order *nisi* constituted a debt due or accruing due, even though they were not actually payable until one month later under the terms of the contract. In other words, the fees were

attachable as soon as the work was performed. With regard to the registration fees a similar decision was arrived at; fees earned by the registrar became attachable even before the account had been vouched according to the statutory rules governing the office, *i.e.*, before they actually became payable. Judgment was, therefore, given for the judgment creditor with costs against the respondent and the garnishee.

Another interesting case was *O'Driscoll v. Manchester Insurance Committee* (1915), where the Court of Appeal affirmed that (a) money paid by an Insurance Committee to a panel doctor was not salary payable to an officer in the service of the Crown—so as to fall within the category of a class of periodic payment exempt from liability to attachment, and (b) moneys due to a panel doctor from an Insurance Committee were attachable when the Committee had received money from the Insurance Commissioners (under the National Insurance Act, 1911)—even though it had not yet been ascertained what portion of such money in the hands of the Committee was due to that panel doctor under his agreement with the Committee, *i.e.*, the calculation had not yet been made as to the panel doctor's due share in the total fees received by the Committee and pooled before distribution amongst all the panel doctors in its service. The plaintiffs had recovered judgment against a Dr. Sweeny for £246 15s. 6d. and £9 for costs. On April 9th, 1914, they obtained a garnishee order in respect of the unsatisfied judgment and the Court was called upon to decide whether at that date debts were owing or accruing due from the Manchester Insurance Committee to Dr. Sweeny which could be attached. Lord Justice Swinfen-Eady said "there was no contingency which could happen to deprive him of his right to payment on the figures being finally adjusted." In dealing with the contention that there cannot be a "debt" until the amount has been ascertained he drew a distinction between this class of case where "there is a debt, uncertain in amount, which will become certain when the accounts are finally dealt with" (as here), and the class of cases where it is sought to attach "unliquidated damages"—where, in fact, "there is no debt at all until the verdict of the jury is pronounced assessing the damages and judgment is given." Here there was, he concluded, "a 'debt' at the material date, though it was not presently payable and the amount was not ascertained. It is not a case where there is a mere probability of a debt, as, for instance, where a person has to serve for a fixed period before being entitled to any salary, and he has served part of that period at the time the garnishee order *nisi* is served."

Incorporated Accountants' London and District Society.

Complimentary Luncheon to Mr. E. Cassleton Elliott

(President, Society of Incorporated Accountants and Auditors.)

The luncheon was held at the Connaught Rooms on Wednesday, October 12th. The chair was occupied by Mr. RICHARD A. WITTY, the President of the District Society, and there were present:—

Mr. E. Cassleton Elliott (President of the Society of Incorporated Accountants and Auditors), Mr. R. Wilson Bartlett (Vice-President of the Society of Incorporated Accountants and Auditors), Sir Edward Harrison, Sir James Martin, Sir Stephen Killik, Mr. H. L. H. Hill, F.C.A., Mr. Henry Morgan, Mr. W. H. Coates, LL.B., B.Sc., Mr. E. T. Allen, M.A., Mr. Thomas Keens, Mr. Joseph Stephenson (Vice-President of London District Society), Mr. E. J. Mackenzie Hay, Sir Frank Nelson, Mr. Mervyn B. Davie, Mr. Edward Baldry (Hon. Treasurer, London District Society), Mr. A. S. Allen, Mr. James W. Allen, Mr. W. J. Back, Mr. George H. Bailey, Mr. H. F. O. Bence, Mr. E. G. Bourne, Mr. F. Sewell Bray, Mr. Martin B. Browne, Mr. H. J. Burgess, Mr. G. R. Butterworth, Mr. Roland Burrows, Mr. H. Epton Chapman, Mr. K. Cole, Mr. E. C. Coleman, Mr. H. E. Colesworthy, Mr. Francis L. Cooke, Mr. W. J. Crofter, Major H. A. Crowe, Capt. H. E. Davis, Mr. S. Dobson, Mr. C. E. Drake, Mr. Frank H. Elliott, Mr. G. Russell Elliott, Mr. Ernest Fairhead, Mr. James C. Fay, Mr. L. H. Francis, Mr. W. J. Freeman, Mr. Clement C. Gatley, Mr. W. A. Godfrey, Mr. Thomas Gold, Mr. E. H. Hayes, Mr. James Hammond, Mr. K. Hargreaves, Mr. R. T. Hargreaves, Mr. J. J. Hawkins, Mr. Walter Holman, Mr. R. Holthausen, Mr. R. Miles Honeybone, Mr. A. E. Howell, Mr. A. V. Hussey, Mr. W. J. Jackson, Mr. John James, Mr. A. W. Jeffreys, Mr. F. G. Jenkins, Mr. F. Martin Jenkins, Mr. P. G. Jones, Mr. L. W. Just, Mr. H. Kingston, Mr. H. J. Lester, Mr. George Little, Mr. E. F. Lloyd, Mr. C. G. Long, Mr. G. E. Lovell, Mr. A. W. MacGowan, Mr. A. H. Mansell, Mr. B. G. Marchant, Mr. O. S. A. Marksman, Mr. E. C. Martin, Mr. George E. Martin, Mr. J. R. Maskell, Mr. W. Douglas Menzies, Mr. D. F. Middlemiss, Mr. J. J. Middleton, Mr. J. A. Miles, Mr. S. Morris, Paymaster Rear-Admiral E. F. Murray, Mr. A. C. Nash, Mr. W. Bertram Nelson, Mr. William Nicholson, Mr. B. A. Norfolk, Mr. W. E. A. Norman, Mr. A. G. Norton, Mr. E. E. Osmond, Mr. E. J. Patterson, Mr. H. W. Payne, Mr. S. D. Payne, Mr. W. H. Payne, Mr. W. Paynter, Mr. E. H. Payton, Mr. C. H. Pearman, Mr. W. B. Pettet, Mr. P. E. P. Pilcher, Mr. A. T. Plackett, Mr. L. H. T. Plackett, Mr. J. C. Rea Price, Mr. G. Roby Pridie, Mr. F. W. Priest, Mr. J. W. Ramsbottom, Mr. Austin Reed, Mr. Sydney H. Robb, Mr. F. A. Roberts, Mr. T. A. Ryder, Mr. G. C. Salisbury, Mr. J. Scott-Moore, Mr. Robert Shaw, Mr. A. J. H. Shay, Mr. N. K. Silver, Mr. R. M. Simpson, Mr. F. J. Smith, Mr. G. Alan Smith, Mr. S. Bayliss Smith, Mr. H. A. Spalding, Col. W. A. Sparrow, Mr. A. H. Stevens, Mr. W. H. Stewart, Mr. W. Strachan, Mr. W. G. Strachan, Mr. Maurice Thompson, Mr. P. E. T. Thomas, Mr. F. A. Tongue, Mr. R. J. Tooley, Mr. T. H. Waterhouse, Mr. A. E. Watson, Mr. A. E. Webster, Mr. H. E. White, Mr. M. Widdowson, Mr. O. N. Tansley Witt, Mr. F. R. Witty, Mr. H. E. Wright-Anderson, and Mr. A. A. Garrett, M.A., and Mr. Ernest E. Edwards, B.A. (Secretaries of the London District Society).

The Chairman's Speech.

The CHAIRMAN said: Before coming to the main toast, I feel that I ought to say a few words about this London and District Society, because this is the first domestic luncheon we have held. You will remember that we had a very successful inaugural luncheon last year, when we were delighted to honour Sir James Martin, and on that occasion we had a considerable assembly of official guests; but to-day this assembly is comprised chiefly of our own members. I would like, however, to offer a word of very special welcome to those who may be here as the guests of individual members, and to the few who are here as the guests of the Society. They will, I am sure, forgive us if we do not call upon them to-day to make speeches. But I would like, in passing, to refer to the presence of Sir Edward Harrison, who, as you know, has just retired from the position of Chief Inspector of Taxes. From what we know of that Department, we can well imagine that he has earned a rest; but it is difficult to believe that the State will allow one of its most distinguished servants to bury his talents absolutely in retirement, and I think we shall probably be hearing more of him again. I should also like to give a word of personal welcome to Mr. R. Wilson Bartlett, the Vice-President of our Parent Society, who has come from Newport specially to help us to pay honour to the President of the Parent Society.

Now, just a word or two to the members of the London and District Society about the syllabus of the session. You have all had a copy of the syllabus. Probably many of you have not looked at it, but I hope you will do so. May I remind you that we have arranged for three lectures—by Professor Gregory, Mr. Robert Ashworth (one of our own members), and Lord Melchett respectively—and I want you to pay a special compliment to these Lecturers by attending in full force on those occasions. In addition, we have arranged for two receptions and dances in the hall—delightful functions—most informal. If you have not already been there, I do not mind telling you that they afford a glorious opportunity for you to entertain your friends at very small expense, which is important in these days. Then we are to have a further luncheon early in the New Year, at which Dr. Cyril Norwood, the Headmaster of Harrow School, is to be the principal guest. Those of you who have already heard Dr. Cyril Norwood speak on any subject whatever are sure to be present; those who have not heard him should certainly not miss the opportunity of making his acquaintance on that date. If you have not already done so, I am going to ask you to make a special note of the dates which appear on the syllabus in your private diaries. I know from personal experience that no matter how attractive these things may be, you would all probably rather go home and stay there. I am as bad as any of you in that respect, but I do feel that, having in this London and District Society put our hand to the plough, we must take our share and pull our weight in upholding the dignity of the Society and

advancing the interests of Incorporated Accountants generally.

You will see in the syllabus a word or two about the objects of the Society. Its objects are very inspiring, but the objects are exactly what we make of them. The first one is to give us the opportunity of becoming better acquainted with each other and meeting more frequently than would otherwise be possible in this great metropolis of London. Having achieved that, we shall have paved the way for what is probably the principal object, that of making all accountants in London and the Home Counties into an articulate body which can speak with no uncertain voice when the occasion arises. This is what Mr. Keens had in his mind when he originally formulated the scheme. In these days even a professional body cannot afford to do good entirely by stealth, so I think it is up to all of us to do what we can individually and as members of the London and District Society to advance the interests of the Society and to see that its members and its designations are kept in the very forefront of every phase of public business. I would like to make one further point—that probably one other object which was in the minds of those who formulated the scheme was that the London Society should be capable of giving its wholehearted support to the office bearers and members of the Council of the Parent body. That does not of course mean mere blind acquiescence in everything that they propose, because I suppose the Council are always ready to welcome criticism or constructive suggestions, but the burden that is laid to-day on the President, on the Vice-President, and on the Council to a smaller degree, is so great that I am sure it must be lightened very considerably when they realise that they have behind them the support of the London Society as well as of the other Societies throughout the country. Here in London we have for so many years merely looked upon ourselves as a series of disconnected units, and we have not yet realised the advantage of being able to speak and to act as a corporate body.

Now, from that little thought it is an easy transition, I think, to the toast which I am going to propose to you—the toast of “Mr. E. Cassleton Elliott, the President of the Society of Incorporated Accountants and Auditors.” We are delighted to have this opportunity of paying honour to him as a man and as President of our Parent Society. I am not going to spend a lot of time in flowery eulogies because I know it would be extremely distasteful to him. Moreover, it is not necessary, because you all know him—some of you know him quite intimately—but I think I can claim that I have known Mr. Cassleton Elliott longer than any member of the London Society and longer than any member of the Parent Society, because it happens that he and I were at the same time wearing the long blue gown and yellow stockings of Christ's Hospital when that great school was in the City of London. You will readily understand, therefore, that it is to me a matter of pleasure and pride that it should fall to

my lot, as President of the London Society, to ask you to drink his health as President of the Parent Society. You may have noticed in the *Journal* a month or so ago a short account of his activities in this country; it also extended to the continent of Europe, to the continent of America and to the continent of Africa. So, Mr. Elliott, you have only to take a little hop across Asia to Australia, and then you will have covered the whole ground of our Society's operations. But, gentlemen, you know that what is recorded there is only a tithe of what Mr. Cassleton Elliott has done for the Society as a member of the Council and as a member of innumerable committees of the Council, and as Vice-President during the past three years. I suppose that any man who takes the position of President of this Society requires in a very special degree the quality of courage, because past Presidents of our Parent Society have set such an extraordinarily high standard of service, and in that respect our immediate past President, Mr. Henry Morgan, is not the least. They have set such an extraordinarily high standard that it needs great courage for any man to follow in their footsteps. Fortunately, Mr. Cassleton Elliott is not lacking in the quality of courage, and courage is demanded more than anything else in our private, social and business life to-day. Therefore, gentlemen, so long as Mr. Cassleton Elliott is occupying the Presidential Chair you may be perfectly certain that courage will not be lacking on his part in carrying out the operations of our Parent Society. I ask you, gentlemen, to be upstanding and to drink to the health of Mr. Cassleton Elliott, and at the same time I ask him to accept our assurance that we wish him every happiness, every success and good health during the period that he occupies the important position to which he has been elected. (Applause.)

Mr. Cassleton Elliott's Speech.

MR. E. CASSELETON ELLIOTT (President of the Society of Incorporated Accountants and Auditors), in reply, said: I could almost have wished that Mr. Witty had gone on much longer, because he is much more accustomed to this kind of thing than I am. It was very nice of him to attribute to me the gift of courage, and as I listened to him I began to think I had a little courage, but when he got towards the end of his speech my courage began to evaporate and I am now wondering what I am going to say to you. Mr. Witty has taken part of my thunder; he has referred to that very eminent school to which he and I belonged. So far as I am concerned, I can confirm all he has said about the school and the kindly way in which he said it. There is another fact also with regard to that school. There are other members—“Old Blues” as we call them—in this room, who now hold distinguished positions. There is, for instance, Sir James Martin on my left. (Applause.) He wore the long blue gown and the yellow stockings; I do not think he ever wore the cap, because it was abolished before his time. Then there is Mr. Davie, who was at one time Treasurer of Christ's Hospital, and there are two others whose

names I will not mention, in order to spare their blushes, but one of them was with me at the school. I had no idea that Mr. Witty knew me so well. When we were at school we were in different Houses, situated some distance from each other, but we always recognised each other and we have always been good friends. In addition to that, we have Sir Stephen Killik, who is a distinguished Governor of that school. So I think we can say, Mr. Chairman, that Christ's Hospital is very well represented in this room.

Now, I want first of all to thank the Incorporated Accountants' London and District Society for the great honour they have done me in asking me to be their guest at this luncheon. It is a position I have never occupied before, and I scarcely know how to reply, but, believe me, I do appreciate the honour which you have done me, because this is the first time that you have had an opportunity of entertaining at luncheon the President of the Parent Society. I hope it is an opportunity which will recur, because I think it is an excellent thing for the President; in fact, from what I can gather since taking office, the chief duty of the President of the Society of Incorporated Accountants is to attend dinners and luncheons. At these functions he is supposed to make speeches, which he does to the best of his ability. The London and District Society is quite young in years, but it is the largest in numbers and one of the most important in virility, as I told one of the District Societies the other day. I have been turning over in my mind for the past few weeks what I should talk to you about. Mr. Henry Morgan, as you have heard, is a distinguished past President. He is a very difficult man to follow; he has studied the question of Company Law amendment or reform; he has dealt very faithfully with it. He was Chairman of the sub-Committee which was appointed by the Society to examine the matter and which issued an important report, which I think all accountants in this room will agree was received with general acclamation. The question of Company Law, therefore, I am going to leave in his hands, because, although he is a past President, he must not think he is going to escape certain duties which the President thrusts upon him. That being so, I wondered what I should talk about, and I came to the conclusion that, as this was a domestic gathering of Incorporated Accountants, their friends and their clients—or possibly their potential clients—(laughter)—the best thing to talk to you about was the subject of accountancy in general and what Incorporated Accountants can do. It is a subject which is very dear to my heart. I read a paper at Manchester some years ago on the subject, and I said I would like to divide it into three sections: what services Incorporated Accountants can render, what they are expected to do, and how we can educate our students to follow it out. Those of you who have passed your examinations—and, of course, all of you have, with the exception of one or two—(laughter)—will realise that the subjects are numerous. They are first of all advanced

accounting, including partnership and executorship accounts and income tax. Income tax, Sir Edward Harrison, is a subject we study very carefully and faithfully. There is also the question of auditing and the general duties of professional accountants. I rather like that omnibus phrase. We know that those duties are very diverse; they touch life at every angle. There are also the subjects of cost accounts, statistical methods and economics. Then there is a certain amount of law relating to joint stock companies and bankruptcy, mercantile law, including partnership law and the law of arbitration and awards, the powers and duties of liquidators, trustees, executors and receivers. It is a very comprehensive list, and when we have satisfied the examiners on those subjects we consider we are well qualified to practise accountancy in any part of the world, and in this I think you who are visitors here will agree.

Now, I come to the question as to what further knowledge accountants should have. You will, perhaps, say, "Surely they can be expected to have no further knowledge after that," but there is a certain amount of knowledge that comes under the head of "General Knowledge." One of the ways in which accountants can be of use to the community is in the administration or direction of companies. A great many businesses to-day are managed by joint stock companies, and on the boards of such companies we very often see the name of a qualified accountant. I do not want you to imagine that I am foolish enough to believe that a qualified accountant is by virtue of his special knowledge entitled to be a member of a board. All he can claim to do, and all that he does, is to assist the business in regard to finance and accounts; and I am quite certain from my own knowledge, and the discussions I have had with others, that boards as a whole welcome the advent of a qualified accountant to their councils and their board meetings. The knowledge accountants have, and the ease with which they can deal with figures, are of very great assistance to them. Coupled with that, too, an accountant must preserve his professional dignity and professional outlook; but if he can acquire in some form or other what I would term for want of a better phrase "a commercial mind," then he is of very great use to the company with which he is connected. One so often hears the remark, "Of course, you are merely a professional accountant; you look at the matter merely through professional eyes. It is impossible for you to realise the difficulties we are up against." If, therefore, a man can cultivate the commercial mind, I say quite definitely he can be of considerable use to the community.

With regard to the complications of present day business through taxation, exchange difficulties, falling prices and, in the case of old-established businesses, the burden of past capital commitments, which one is beginning to realise to-day, we can assist very materially. It is in that way we can help the community. The accountant must not be a pessimist or a foolish optimist. In this connection

I would like to tell you a story I heard the other day which I think illustrates my point. Two men went up to the bar of a golf club after having played a round and they asked for a glass of sherry each. The waiter poured out the sherry and, because he had only large glasses, he only half-filled each glass. The optimist looked at the glass and said cheerfully, "By Jove, it's half full!" The pessimist looked at his glass and said, "It's half empty!" (Laughter.) The two remarks meant exactly the same, but I think the man who realised he had a glass half-full had a better outlook on life and was of far more use to the community than the man who thought he had a small measure. In accountancy we must not be foolish optimists, but at the same time we must not be too pessimistic. In going through our clients' accounts we must try to pick out all the bright spots for them; there is no doubt that they themselves realise and know full well the dark spots.

Now, the time is getting on and the lunch has to finish by half past two, so I would like to dwell briefly on what the client expects of his accountant. Perhaps you will allow me to read a few words from a lecture I gave some years ago, because I think it illustrates the point much better than anything I can say now. It is what a successful business man wrote me as his requirements for an accountant: "What, then, are the factors which govern his relation with the Incorporated Accountant he employs? First of all, he wants a man who is perfectly safe and competent on the technical side, and he can only be sure of this by the old-fashioned method of trial and error. He has to find out. Then he wants a man who, while being technically competent, will not give more than a proper importance to technicalities. It is, for instance, desirable that books should balance; it is essential that the books which concern cash should account for every penny of cash; it is necessary that debtors should pay exactly what they owe, and that creditors should receive exactly what is due to them. His auditor must, therefore, assure him that in these respects his books are perfectly accurate. But the business man does not want the arts of accountancy practised at his expense, chasing some theoretical perfection which will make or lose him nothing. In recent years his Incorporated Accountant has had to shoulder complete responsibility for taxation questions, because taxation has become a scientific imposition, altogether beyond the powers of understanding of the average 'victim.' He has, therefore, reached the position where he simply pays what his Incorporated Accountant tells him to pay, and spares his energies for making, or trying to make, the money. All this might lead to the totally erroneous conclusion that, so far as he is concerned, one accountant or one lawyer is as good as another, just as any plumber who can wipe a joint properly is, for his purpose, quite as good as any other plumber. Any such conclusion would be woefully wrong. He chooses his professional assistance of all kinds from personal reasons. Given technical

perfection, which is, of course, essential, and which he claims is fairly easy, he wants balance, judgment, common sense, human kindness, and a good many other similar and intangible qualities, all of which are much more difficult. He wants these not only because he likes to be surrounded with pleasant and agreeable people, but because they are essential to a successful business undertaking. He supposes that for every ten minutes that his Incorporated Accountant and he devote to the study or discussion of his accounts, they devote at least an hour to the study and discussion of those bigger business problems of which the accounts are, after all, only a reflection—the wisdom of developing in one direction or curtailing in another; the suitability of this or that man for this or that job; the trend of trade; the character of the market, and everything upon which business success depends. These things can only be discussed with one's own intimate professional advisers, because they have the knowledge of one's affairs which qualifies them to express opinions, and they have, in addition, the knowledge of the intimate business affairs of a great many other people, which gives to their opinion great authority and value. At least, he assumes that his Incorporated Accountant has an intimate knowledge of the business affairs of many other people than himself, and on that assumption he attaches great importance to his views. He says it is pure assumption in his case, because he has never known his Incorporated Accountant utter a syllable to him about anybody else's business, and that is one of the many reasons why he trusts him with the secrets of his own." That is what the man wrote me, and I think it still holds good to-day.

Now, gentlemen, what are we going to do for our students who desire to follow in the footsteps of Incorporated Accountants? From the syllabus I have read to you, their studies are numerous and extensive and also intensive, and what I feel we want to do for those students is, as far as possible, to direct their studies so that when they come to the examination room they will not have to rely entirely on the knowledge they have gained from an intensive course from their coaches, excellent though they may be, but from careful study during the whole course of their articles and during the period of their training. If we can do that, we shall be seeing to it that the term "Incorporated Accountant" is synonymous with efficiency.

I thank you, Mr. President, for the kind way in which you have proposed this toast, and you, gentlemen, for the way in which you have received it. (Applause.)

The Toast of "The Chairman."

Mr. R. WILSON BARTLETT, J.P. (Vice-President of the Society of Incorporated Accountants and Auditors) said: Gentlemen, the last toast has been placed in my hands, but before submitting it to you I would like to return thanks to your President for the very kind welcome he extended to all the visitors to your luncheon to-day. I have come up from Newport and Cardiff to pay my first visit to

the London and District Society. Down in South Wales we have had a District Society for very many years, and I think during that time we have carried out extremely successful work for and on behalf of the Society. In listening to the speech of our Chairman when proposing the toast of "The President," an old tale came back to my mind. It was the tale of a young Scots boy who had been sent up as usual to London, and at the end of a month he wrote back to his father and wound up by saying: "I have no work, I have no money and I have no friends. What shall I do?"—hoping that his father would say, "Come back home." But back came a postcard from his father: "Make some friends!" (Laughter.) Well, here I would re-echo the words of your Chairman in saying that in this new London and District Society you have a real opportunity of making real friends with other members of the Society.

Now, gentlemen, I have only two minutes left to propose the toast of our Chairman to-day—Mr. Richard Alfred Witty. Many of you know him better than I do; he is one of our Honours men of 30 years ago. During that time he has given great service to the Society as a lecturer, as an Examiner of the Society, and as a member of the Council, and now you have, I think, done credit to yourselves by electing him as President of the London and District Society. In a Chairman I suggest you want three essentials: the first, brightness; the next, brevity; and the next—possibly it can be mentioned in a room like this—brotherliness. In addition, you want ability and capacity to carry out the work. I would suggest that in our Chairman we have the whole of these characteristics, and so, with these few words, I ask you to rise and drink the health of our Chairman.

Mr. WITTY having replied, the proceedings terminated.

CHARTERED INSTITUTE OF SECRETARIES.

Autumn Meeting.

The autumn meeting of the Institute in London will take place on Monday, November 21st, and Tuesday, November 22nd.

On Monday, the 21st, at 5.30 p.m., the Annual General Meeting will be held at the Hall of the Institute, when the President will submit the report of the Council and deliver his Presidential Address.

On Tuesday, the 22nd, the forty-first Anniversary Dinner will take place in Guildhall, preceded by a reception in the Art Gallery. The President, Mr. F. R. E. Davis, and the Council specially ask members both in London and the country to support this gathering, where the company of many distinguished guests will include the Lord Mayor of London (Sir Percy Greenaway) and the Lady Mayoress, with the Sheriffs; Rt. Hon. Stanley Baldwin, M.P.; Viscount Churchill; Rt. Hon. Sir Robert Horne, M.P., and leading representatives of the legal, banking and other professions.

For the convenience of members and their guests from the country, special arrangements have been made for railway travelling.

INCORPORATED ACCOUNTANTS' LODGE.

The Installation Meeting of the Incorporated Accountants' Lodge was held at Northumberland Rooms, London, W.C., on October 25th, when Bro. William Arthur Pearman was installed in the Chair by his predecessor, Bro. A. Anderson. Amongst those present were: Bro. M. J. Faulks, P.A.G.D.C., Bros. H. A. Pearman, C. H. Pearman, W. H. Smith, F. A. White, Captain R. F. Leigh, Major H. R. Kavanagh, S. D. Payne, A. J. Tebbitt, J. Ellis, E. H. Smith, W. F. Morgan, W. Lyall, L. H. Amsden, F. E. Clements, L.R., M. Widdowson, L.R., Henry Morgan, Thomas Keens, and A. A. Garrett.

Bro. W. A. Pearman appointed his officers as follows:—Bro. A. V. Huson, S.W., Bro. F. J. Nash, J.W., Bro. W. H. Payne, L.R., Treasurer; Bro. M. J. Faulks, P.A.G.D.C., Secretary, Bro. Richard A. Witty, L.R., D.C., Bro. W. J. Crafter, S.D., Bro. C. A. Holliday, J.D., Bro. W. C. Chaffey, A.D.C., Bro. H. J. Burgess, Almoner, Bro. A. R. Chart Leigh, Organist, Bro. A. S. Darr, I.G., Bros. C. A. Sales, D. F. Goode, E. J. P. Garratt, and Walter Holman, Stewards.

At the dinner in the evening the health of the Worshipful Master was proposed by Bro. A. Anderson, who referred to the continuous and boundless enthusiasm of Bro. Pearman in relation to the Lodge and drew attention to the fact that Bro. Pearman was one of the most senior members of the Society on the Lodge Roll. The toast was received with great cordiality, and Bro. Pearman, in replying, said that he would do everything in his power to uphold the high traditions of the Lodge and thus maintain the dignity of Incorporated Accountants. He referred to the regret they all felt in the enforced absence of Bro. Sir James Martin owing to a slight indisposition. He also expressed the pleasure and pride he felt in having at that gathering his son, Bro. C. H. Pearman, who was the youngest mason present.

The toast of "The Visiting Brethren" was proposed by Bro. Thomas Keens in a delightfully irrelevant speech, and responded to by Bros. W. H. Smith, F. A. White and C. H. Pearman.

The Secretary of the Lodge is Mr. M. J. Faulks, M.A., F.S.A.A., 8-9, Martin Lane, Cannon Street, London, E.C.4.

Obituary.

WILLIAM EDWARD JONES.

We regret to announce the death of Mr. William Edward Jones, A.S.A.A., which took place on September 30th last after an illness lasting three months. Mr. Jones, who became a member of the Society in 1910, was for a time Deputy Accountant of the Watford Urban District Council and was subsequently appointed Deputy City Treasurer of Oxford, a position he has held for the last twelve years.

PHILIP DENNIS HOWES.

The death is also announced of Mr. Philip Dennis Howes, an assistant in the Finance Department of the Surrey County Council at Kingston-on-Thames. Mr. Howes, who was only 27 years of age, received his early training in the City Treasurer's Department at Birmingham, and became a member of the Society in 1927, being awarded honours in his Final examination.

Surtax on Limited Companies.

A LECTURE delivered before the Incorporated Accountants' Students' Society of London and District by

Mr. H. A. R. J. WILSON, F.S.A.A., F.C.A.

The chair was occupied by Mr. E. CASSLETON ELLIOTT, President of the Society of Incorporated Accountants and Auditors.

Mr. WILSON said: The subject I have to deal with to-night is one with which a good many of us probably do not come much in contact in practice; other practitioners have a good deal to do with it. It always seems to me to be a great pity that the heavy taxation we are undergoing in this country to-day is so demoralising to the weaker elements of the community, and I am afraid that the weaker elements tend to grow as the years go round. Not only is it demoralising to the weaker elements, but it induces even the most moral of us to take what steps we can within the limits of the law to avoid the liabilities imposed upon us by the taxing statutes. These taxes are somewhat insidious. The direct ones, of course, we have to pay by cheque, bank notes, money order, or whatever the mode of transfer is that we adopt. Indirect taxes, however, we probably pay without noticing them, and we can readily avoid them by the simple method of abstinence, although I am afraid abstinence from luxuries particularly is not a very popular method of avoiding taxation.

Direct taxation is more difficult to avoid, but there are methods of getting round the law with which, as accountants, we have to be very familiar. It is essential, in order to appreciate what is happening when avoidance is concerned, to study the dicta of Judges in various cases that have been decided. Judges have said time and time again that equity and taxation are strangers, and that if ever equity can be read into any Act of Parliament, it cannot be read into a taxing Act. If the subject comes within the wording of a charge in an Act of Parliament imposing taxation, then he must pay. It does not matter how much hardship will be imposed upon him. If he is outside the wording of the Act, then he must escape, no matter how inequitable it may be as regards his fellow taxpayers that he should escape. Judges have said that a person is perfectly entitled to avoid taxation, but he must not evade it. That is, he may avoid attracting the liability, but God help him, having attracted it, if he tries to evade it! As accountants, of course, we have to take advantage of that.

The Financial Secretary to the Treasury some time ago said that it was the duty of Parliament to spread their taxation net so wide that the subject could not get through it, but if the subject could find a net large enough to permit the passage of his body—figuratively, of course—then he was quite entitled to squeeze through.

In the later War years and in the post-War years direct taxation became very onerous, particularly in the case of super tax payers, and many schemes were evolved to avoid the charge, within the measure of the law. Different methods were attempted by different people. One method was to convert the business into a limited company and draw profits from that company up to the limit which would exempt the taxpayer from super tax; the balance of the profits would be left in the coffers of the company as profits, and therefore, although they bore income tax at the highest rate, there was no question of super tax being imposed, because super tax was a charge

upon individuals and could not catch corporations. The taxpayer, however, did not go without his money simply because he had left his profits in the company's coffers. There were several methods of getting it out. One method was to borrow it from the company. He had to be careful in borrowing it from the company, because if there was any suspicion of artificiality about it he could still be assessed on the ground that it was merely a colourable method of distributing the profits: but if he borrowed it under a legal obligation to repay and under an obligation to pay interest, then the loan was perfectly sound, the taxpayer got his money and he then owed it to the company. When the debit balance standing on his loan account grew to such dimensions that he began to be a little bit afraid of trouble in case he died, the company would be wound up.

It has been decided in the case of *Commissioners of Inland Revenue v. Burrell* (9 T.C., 27) that, as soon as the liquidator steps in, profits as such cease to exist: the liquidator seizes the assets of the company, realises them and distributes the proceeds amongst the members. In the example of avoidance referred to, the liquidator was appointed and he seized the assets. One of the assets was a loan to the controlling person. He realised the other assets and distributed them among the shareholders, the chief shareholder being the person who was avoiding taxation, whose loan would be offset by the amount due to him. By that simple expedient super tax was easily avoided.

Another method of avoiding the super tax was to capitalise the profits and utilise them for a bonus issue of fully paid redeemable debentures. The debentures were then redeemed, and within a short time the taxpayer received the money as capital in the eyes of the law (*Commissioners of Inland Revenue v. Fisher*, 10 T.C., 302).

Those methods are not exhaustive. There were many other methods, some of them clever, some clumsy, but most of them worked, which was the main thing from the point of view of the people involved.

In 1922 legislation was first introduced for the purpose of preventing this type of avoidance of taxation. It was found, however, that the legislation then introduced was not strong enough—there were still loopholes—and in 1927 the Finance Act contained further provisions amending the 1922 legislation, and it is with the position to-day that I propose to deal. After all, it has been in force now for nearly five years and there is little point in going back to deal with what was the position before 1927, although it was said in Parliament that the new provisions would not be made retrospective; so that we might occasionally still have outstanding cases, but it is very unlikely, because the Special Commissioners deal with the super tax, and they have a tendency to get things done much more rapidly than some other branches of the Revenue with which some of us are familiar.

The position to-day, taking the provisions of the Finance Act, 1922, as amended by the Finance Act, 1927, is this: that where a company is controlled by not more than five persons and is one in which the public are not substantially interested, then if that company does not distribute a sufficient proportion of its profits as dividends within a reasonable time after the end of its financial year, in such manner that the profits so distributed must be included in the returns of the recipients for surtax purposes, those profits will be considered to have been distributed fully, and super tax—or, as it is now called, surtax—will be charged at the highest rate appropriate to the individual persons. That is rather a long statement, and I propose, therefore, to take it point by point.

First of all, the companies which are caught are those which are controlled by not more than five persons. A person for this purpose includes nominees, employees, partners, father, mother, wife, children, brothers and sisters and trustees of the individual. So it is no use for a man to form a limited company and have the shares allotted to his wife and children or to his father, mother, brothers and sisters, or his employees, &c., in the hope that the company will be considered to be controlled by more than five persons. That company would be controlled by one person for this purpose, and would therefore come within the operation of the Finance Act, 1922, unless it escaped by reason of the next provision, *i.e.*, where the public are substantially interested. The company is caught if it is under the control of not more than five persons and the public are not substantially interested. By that is meant that the public must hold unconditionally, *i.e.*, they were either allotted unconditionally or have since bought unconditionally shares carrying not less than 25 per cent. of the voting power, such shares not carrying the right to a fixed rate of dividend, whether participating or not; and those shares must be quoted on the Stock Exchange and must have been the subject of Stock Exchange dealings during the year under review. There are three conditions there which must be satisfied: the public must hold over 25 per cent. of the voting power, the shares must be quoted on the Stock Exchange, and the shares must have been dealt in on the Stock Exchange during the period under review. And in the Stock Exchange quotation it is not sufficient for them to be quoted in the Supplementary List; it must be an official quotation.

Now we come to another class of company—a very important one to-day—and that is the subsidiary company. A subsidiary company will be liable if it comes within the definition I have already given to you. In the case of a subsidiary company, you have to find out whether its holding company is liable, and that holding company may in turn be a subsidiary company, and you must find out whether that company is liable. If the ultimate company comes within the provisions, then each of the subsidiary companies will be liable.

Now, before I go on to deal with the procedure involved here, I ought to explain just briefly the different people involved. First of all, we have the Commissioners of Inland Revenue—those gentlemen appointed by the Treasury, paid Civil Servants, who have the business of managing the collection, and so on, of taxation generally. They are the people who find their home at Somerset House and can be approached through the Secretary. Then we have the Special Commissioners. The Special Commissioners are also paid Civil Servants. Incidentally, the Commissioners of Inland Revenue themselves are *ex officio* Special Commissioners. But the Special Commissioners have, amongst their functions, the whole control of surtax, and it is they who make the assessments under these provisions. Appeals are also made to the Special Commissioners, and it rather looks at first sight as if the taxpayer is appealing against an assessment to the person who made that assessment. In practice that is not generally the case. The Special Commissioners divide themselves in two, and the body of Special Commissioners who actually make the assessments do not hear the appeal. Then we have our old friend the Inspector of Taxes. The Inspector of Taxes has got practically nothing to do with surtax on companies; he has nothing to do with deciding whether it should be levied, or with any appeals or things of that nature, but it is usually the Inspector who sets the ball rolling. He thinks this is a company in which the Special Commissioners would be

interested and he passes the word on to the right quarter. Then we have the Board of Referees. The Board of Referees are a body of eminent men in business and commerce in the country, who are appointed for certain very special purposes, one of which is to hear appeals from the Special Commissioners in the case of surtax on companies. We shall see their functions as we go along.

Now as to the procedure. The Special Commissioners have examined the accounts of the company and have come to the conclusion that there is a *prima facie* case for assessing this company to surtax. They can then do one of two things. They can issue a direction apportioning the income of the company over the members, or they can demand further particulars from the directors. Those further particulars will consist of a statement of the company's income, a copy of the year's accounts, and such other particulars as they may reasonably require; a statement of how the income of the company has been dealt with, and a statement of the names, addresses and particulars of the shareholdings of each of the members. In that connection it is necessary to furnish them with details which will enable them to arrive at who are the "persons"—that is, the fathers, mothers, and all the rest in accordance with the list I gave you just now. The directors can do one of two things, having received either the direction or this notice to furnish further particulars. One is to do nothing and let the charge be made, which would be a very unusual procedure. The second one is to get out a statutory declaration to the effect that there has been no unreasonableness in keeping back profits.

Now, this statutory declaration, which must be made within 28 days of the receipt of the notice of direction, or demand for further particulars, will have to state the amount which is regarded as proper to retain in the business, the amount they propose to recommend as dividend, the amount they have distributed as dividends, and the reasons for the retention. This document has to be sworn before a Commissioner, and it is a document upon which a good deal of time should be expended, because it may be upon the satisfactoriness of this document will depend whether or not the company actually has to pay surtax.

If the document is properly drawn, it may be so convincing that the Special Commissioners will take no further steps. If it is badly drawn, even if it is a good case, it may cause a good deal of trouble. It is therefore worth spending a good deal of time upon, and it should always be looked at from the point of view of the recipient: is it likely to impress the person who receives it with the reasonableness of everything that the directors have done or said? On receipt of this statutory declaration, the Special Commissioners have to decide whether or not they will take further action. If the statutory declaration satisfies them, they will take no further action, but if it does not, they will certify that fact to the Board of Referees, to whom they give the statutory declaration and their certificate that they think there is a case against this company. They must then furnish a copy of the statutory declaration and a copy of their certificate to the Commissioners of Inland Revenue, and within 28 days of the receipt of this certificate the Commissioners of Inland Revenue may submit to the Board of Referees a counter-statement.

Now, you see, the fight is on. The company, through its directors, has furnished to the Special Commissioners a statement of their case. The Commissioners of Inland Revenue have got the right to state their case on the other side. The Board of Referees must then determine whether there is a *prima facie* case for assessing the company. It then goes back to the Special Commissioners. If the Board of Referees decide there is no case, that finishes

the matter, but if they decide there is a *prima facie* case, then the Special Commissioners can apportion the income over the members, and the company may appeal. This appeal must be made within 21 days, and the appeal is to the Special Commissioners, who must then hear the case. The Special Commissioners give their decision. If it goes against the company, the company can then appeal within 21 days to the Board of Referees. If it goes against the Inland Revenue, the Inland Revenue can appeal within 21 days to the Board of Referees. So you see it has gone to the Board of Referees to determine whether there is a *prima facie* case or not. Their decision is that there is a *prima facie* case. The Special Commissioners issue a direction, hear the appeal against it, and if either side is still dissatisfied back it goes to the Board of Referees, who hear the final appeal. The decision of the Board of Referees at this stage on a question of fact is final; on a question of law there is the usual right to appeal to the Courts. The decision to appeal to the Courts must be made within 21 days. All these "twenty-ones" and "twenty-eights" are rather difficult to remember, but they are very important when it comes to dealing with these cases, and for that reason many practitioners make a point of adopting 21 days for all of them, but it is useful to remember that you have in some cases an extra week for certain purposes.

It is rather important to remember that there is noonus upon the Crown to prove an intention to avoid surtax. The very fact that the company has not distributed a reasonable dividend within a reasonable time after the end of its financial year is sufficient to involve a charge by the Special Commissioners upon that company. The procedure, once the Board of Referees have decided that there is a definite liability, is for the Special Commissioners to apportion the income of the company over the members. The income of the company for this purpose must be arrived at by adjusting the accounts in the same way as we adjust them for income tax purposes, and in the case of certain companies—for example, investment companies and property companies—it is very important to remember to make your claims for management expenses, &c., because that reduces the amount which is available for the shareholders. We make all the adjustments on the same basis as we would for income tax purposes, but making due provision for annual charges. The profits are then apportioned over the members in accordance with their respective shareholdings. But remember, that in the case of the family forming "one person," the whole of the share of that family will be allotted to that one person in distributing the income. The Special Commissioners, having distributed the income over the persons who would be entitled to it if it had actually been distributed, will then work out what additional surtax would have been paid by each individual if he had had this income.

Take the case of A, a shareholder in one of these companies. He has an income of £5,000 already for surtax purposes. We calculate surtax on that income—£2,000 exempt, £2,000 at 1s. and so on, adding the 10 per cent. imposed by the Finance (No. 2) Act, 1931. Having done that, we then add on this income which has been apportioned to him by the Special Commissioners. We do not treat this as being the lowest part of his income. If we have charged him at 4s. in the £ for the last lot of his income, then we shall start with 5s. in the £, plus the 10 per cent., of course, for this batch. It is always treated as being the highest part of his income. The assessment is then served upon the individual. If he refuses to pay, as he always does, then the surtax is collected from the company. It is very important that the company should

clearly distinguish those reserves which have suffered surtax under these provisions from the reserves which have not suffered surtax, because when any sum is distributed on which surtax has been levied under these provisions, it will be exempt in the hands of the recipient, although there is no provision in the Act whereby the company can recover from the individual the surtax it has had to pay on his behalf. There is some doubt as to his position here. It would appear that the company has no right at all to recoup from the shareholder the surtax. That means, obviously, that all the shareholders are suffering at the highest rates of surtax applicable to any of the members, because if the company has to bear the surtax it will debit that against the profit and can only distribute the balance of the profits.

The point has not been before the Courts, however, and it may be that the Law of Agency would apply. On that I am not prepared to give any opinion, but it is a point that is worth consideration—as to whether the company could be held to have paid the surtax simply as an agent of the shareholders, and therefore would be entitled to recoup from a shareholder ultimately.

Now, all this had left companies rather "in the air," because until the Special Commissioners take some steps—until they either make a direction upon the company or ask for further particulars—the company never knows when it may be called upon to pay surtax. The provision was therefore brought in, in sect. 18 of the Finance Act, 1928, to enable the company to get rid of its apprehension. The provisions there are that at any time after the general meeting at which the accounts have been adopted the company may forward to the Special Commissioners a copy of the accounts and the directors' report. The Special Commissioners may then, within 28 days, call upon the company to furnish, within 28 days from the date of the receipt of the notice, further particulars. If the Special Commissioners do not do that then they will be debarred from taking any further steps, and the company will know that it is free from liability. But if the Special Commissioners call for this further information, then within three months after the receipt of those particulars the Special Commissioners must intimate whether they are going to proceed. If they intimate they are going to proceed, the company knows where it is for the time being; if they do not make this intimation within three months, then they lose the right to do so and the company knows it is exempt. If the Special Commissioners have given notice within the three months, then they must proceed to make their direction within a further six months, otherwise they can take no steps at all. So that at the most the company knows within nine months or so of its general meeting whether or not it is likely to be assessed to surtax. If the Special Commissioners do nothing within three months, the company knows within three months.

That is rather an important point to take into consideration if ever you are transferring a large block of shares in one of these companies. Supposing you were the transferee, it would be advisable for you to insist on the company taking advantage of these provisions to ascertain whether or not there would be a liability or a possible liability to surtax. I know for a fact that many companies are rather apprehensive as to what is going to happen if they take advantage of this provision. They rather feel it is putting their heads in the lion's mouth to ask the Special Commissioners whether they would like to assess them to surtax or not. The company need not worry. If it is going to be assessed to surtax under these provisions, it will be assessed in due course. By taking the initiative the company is relieving the minds

of everybody concerned and is getting the nasty shock over much quicker than it otherwise would; and if it is going to be free, it relieves itself of worry for the future. So that my advice to any of you in dealing with this matter is to ask the Special Commissioners and get it over. It is like going to the dentist. You might as well know the worst: when you go into the dentist's chair it is soon over.

There are one or two miscellaneous points involved in this, and I must deal with them. First of all, if the company is held to be liable—that is, if the Special Commissioners have decided that the company has not distributed a reasonable proportion of its dividends, and that is upheld—then the whole of the profits of the company must be distributed over the shareholders—not merely a “reasonable part.” Under the 1922 Act the reasonable part operated, but under the 1927 Act it does not, the idea being that if the company has not distributed a reasonable dividend, then it is only fair to penalise it, and it should actually pay on the whole of its income.

The next miscellaneous point is that the expenses of a successful appeal against an assessment are allowed for income tax purposes. That is a concession and not a statutory provision, but it is an important concession. If you lose your appeal, however, the expenses are not allowed. It follows the general rule that the expenses of maintaining a right are allowable, but the expenses which are not incurred in maintaining a right are not allowable. In the case of a street bookmaker carrying on an illegal business, if he can be assessed to surtax, he cannot be relieved for any fines he has to pay from time to time for carrying on his occupation!

When it comes to apportioning the income over the members, we must always distribute it as at the date of the last balance sheet. You take the date of the last balance sheet and apportion the income then, and therefore it falls in the fiscal year at the date at which the balance sheet is made up. But the Special Commissioners have the power here to vary that, because it might mean that by taking this date a shareholder was being charged on two dividends in one year. If that is so, the Special Commissioners will allow it to be apportioned over some other year, having regard to the normal period of distribution of dividends. For example, if a company has paid a dividend in 1928, another in 1929, and then it misses 1930—in that case, if the assessment on the company was made in 1931, they would probably date back the distribution of the dividend to the normal date, if it was a dividend which could legitimately have been paid in 1930, so as to get one dividend in each year rather than miss a year and then get two dividends in one year. They are entitled to take that into account in making their decision.

Now we come to what is probably the most important part from the point of view of the company, and indeed from the point of view of the practitioner: what excuses can be offered for retaining the profits? We, as a company, have had a direction served upon us by the Special Commissioners indicating that we have not distributed a reasonable dividend. We have now to put up a plausible case which will satisfy the Special Commissioners that we have distributed a reasonable dividend, and in this connection I would say that it is easier to argue that a dividend paid is reasonable than it is to argue that it was reasonable not to pay a dividend at all. It is far easier to go to your creditor and offer him 2s. 6d. on account than it is to go and tell him you cannot pay him anything. It may be psychological, but it is a point that has to be considered. It sometimes pays a company to distribute

a small dividend and thus have something on which to argue rather than pay no dividend at all.

In deciding upon what is a reasonable dividend, we must always have regard to current requirements and also to such other requirements as may be necessary or advisable for the maintenance and development of the business. That is all provided for by sect. 31 of the Finance Act, 1927. But any sums which have been applied towards paying for the business which was first acquired, or redeeming loans which were raised for paying for the first business of a company, or in redeeming obligations in connection with the first business—those things are not good excuses. For example, a company buys a business and the chief part of the consideration is an issue of debentures. It then redeems those debentures out of profits, and the directors try to argue that it is reasonable to withhold the profits from distribution because they must find the money to pay off the debentures. The Finance Act, 1927, lays down that those payments are not good excuses. But money required for purchasing a subsequent business might form a good excuse for not distributing profits. For example, a business has grown to a considerable size, and it is decided to open up a new branch. That branch is of a rather speculative nature, and therefore it is necessary for the company to keep a substantial sum of profits in hand in order to meet contingencies. That, being substantiated, will be a good excuse, and it is one which works.

Again, we can argue that the machinery and equipment is obsolete and requires extension or replacement. If that can be substantiated it is a good excuse. It may mean getting valuers in, technical experts, to give their opinions; but if it can be substantiated, the fact that you want your money for reasonable requirements, such as replacing plant and machinery or buying machinery which is up to date, may be perfectly valid. Furthermore, you may be able to prove that your business is expanding so rapidly that it is under-capitalised, and in order to pay a dividend you would have to borrow and pay high rates of interest. No business can be expected to be forced to borrow money at high rates of interest in order to pay a dividend, and if that can be substantiated you are all right.

But if ever you have to face that position, I should advise you to get the company to “tidy up” their balance sheet—that is, capitalise some of the profits—and issue a few bonus shares so as to get some sort of proper relationship between the issued capital and the assets. Not that it will make any difference to your surtax position in that year, but it may help you to argue with the Special Commissioners in the future.

Again, it may be that you have to extend your premises for business purposes. That will be looked upon as a good excuse. Or you have to provide for depreciation of property which has been under-depreciated in the past. It may be that you have to buy raw material and require to keep money in reserve for the company's growing business. You must, however, be careful, because one of my own clients was mulcted some years ago (he was not a client then!) of some £21,000 in this connection. He said the profits were all needed for the company's current requirements, but this did not satisfy the Special Commissioners. There have been cases where the Special Commissioners have recognised it as being valid to create reserves for meeting trade competition. A trade association might be formed and one business want to stay outside, and in order to do that it has to build up reserves to meet price-cutting in the future. That would be recognised, if substantiated. So that you see there are many excuses.

Now we come to another side of it—a side of the utmost importance. What is going to happen when the company goes into liquidation? I have already mentioned the case of *Commissioners of Inland Revenue v. Burrell*—a case upon which so much hangs for many purposes, a case which decides that as soon as a company goes into liquidation profit ceases to exist and we only have assets which must be distributed. It would appear that the Special Commissioners could do nothing after the company goes into liquidation. The Finance Act, 1927, puts a different complexion upon that matter, because the result of that is that as soon as the company goes into liquidation the "reasonable time" has expired, and any profits undistributed up to that date can be assessed to surtax under these provisions. The very fact that the company has gone into liquidation is enough to bring down the knife, as it were, and the Special Commissioners can assess the company on its profits up to that date. The liquidator is made responsible. The fact that liquidation brought an end to the reasonable period had already been decided before the Finance Act, 1927, but the Finance Act, 1927, made it beyond dispute; in that case the distribution is assumed to be on the date on which the company went into liquidation.

We come now to an interesting part. There are still loopholes. I am very doubtful as to how far I can legitimately delve into that to-night. But there are loopholes known to some of us which have caused a good many headaches in arriving at them, which have been the subject of expense for Counsel's Opinion to see whether they were loopholes at all. I think I might just mention one or two of them which have been made public. The only trouble is, if they get too public, Parliament may step in and take action.

One method, which may be looked upon as unpatriotic in these days, is that of forming a holding company abroad. There was one definition I did not give you, and that is that the companies involved in these provisions are companies incorporated under the Companies Act. In the Finance Act, 1922, of course, the Companies Act, 1908, is mentioned, but the 1929 Act is the one with which we are concerned to-day. If a subsidiary company in this country is controlled by a holding company abroad, it cannot be within these provisions, because a subsidiary company's profits will be apportioned to the holding company, and the holding company is not one which can be assessed. That being so, no assessment to surtax can be made.

Many companies have been formed in America, Canada and various other countries, but the popular method to-day is to go to some of the smaller States on the Continent, because the United States of America and Canada and the bigger countries have all got taxation; consequently, by avoiding surtax here we may find ourselves attracting taxation abroad—perhaps not so heavy, but inconvenient. So the modern tendency is to go to some of the small States which have very convenient laws. In many cases those laws have been framed specifically for the purpose of attracting holding companies of this nature. There is one case where the Memorandum and Articles can be framed in accordance with the law of the country in which the people reside. So long as you comply with one or two technicalities in the State, you frame your own Memorandum and Articles.

Now, what is the position there? A forms a company in one of these foreign countries. He will have no active control over that company; he will merely hold 99 per cent. of the shares. Seven or eight natives will be appointed as directors; they will be required to sign statements that they hold the shares in trust for A—their

qualification shares. The subsidiary company pays its profits to the holding company. The holding company pays a guinea per board meeting, or whatever is reasonable, to the directors. The balance of the profits is not distributed, and whenever our friend requires a little money he winds up the company and starts another one to take over the shares, so that it comes to him as capital. Or he can do it without that. He can take up debentures in the other company and have them redeemed from time to time. It has the same effect, but avoids troublesome liquidation.

Another method which is being worked at home—and this is the one I am rather doubtful about disclosing, but I think I might give you the outline of it because it is working very well—is to form a holding company and put it into liquidation at once. I do not think I will go into details; I will leave you to work that one out, remembering that the liquidator is entitled to hold the assets until a suitable moment arrives to realise them. Any dividend he may receive from the subsidiary company in the meantime will be distributed as capital. That works very well; it not only avoids surtax on the company, but avoids surtax altogether!

I have now told you the reasons that can be advanced to satisfy the Special Commissioners, or, rather, given you an outline of them, and I come to this point: that there would be no need for all this legislation (1) if taxation were a reasonable sum, or (2) if companies were allowed to keep a satisfactory proportion of their profits in reserve without being taxed. It is this question of taxation of reserves which causes most of the trouble. It might be difficult to frame the necessary legislation to exempt reserves, but surely that is not beyond the scope of those draftsmen who can give us such wonderful sections as they have given us in recent Finance Acts. There is a section in the Finance Act, 1927, sect. 28, which contains over 500 words in the first sentence. Yet they might have difficulty in framing legislation to exempt reserves! If reserves were exempted, and if business men had not got the temptation to evade taxes, they certainly would have no temptation to avoid them. As accountants we do not mind avoiding taxation, although as honest men we cannot countenance evasion. But, apart from the selfish viewpoint, it seems to me that the time has now come when Parliament must take some steps towards relieving industry of the burden which is being placed upon it by the taxation of reserves.

Discussion.

MR. R. A. FRICKER: May I ask you if the provisions are retrospective, or do they only apply to one particular year in respect of which the Special Commissioners give notice?

MR. WILSON: The Commissioners have to give notice for each year that they want to charge.

MR. FRICKER: So that it might become an annual performance?

MR. WILSON: Undoubtedly.

MR. S. G. MOSS, Incorporated Accountant: Arising out of the question of the last speaker, would Mr. Wilson kindly give us his opinion on the limits of time for assessment to super tax? I have in mind a company which received a notice in respect of its accounts for 1927. The company said that they had distributed a reasonable proportion of their income, and the Special Commissioners withdrew the notice. I take it, assuming that the usual six years apply, that if the company received a notice in respect of their accounts for 1930 or 1931, it is possible for the Commissioners to say "We will go back to 1925, or 1926, or 1927." That might attract surtax in respect of reserves, probably taxed for income tax in those years, and it might open up a very serious position for the company.

Mr. WILSON : The six years time limit will apply. Wherever there is a claim or a charge, unless the Acts contain some shorter period, the time limit is now six years. Sect. 29 of the Finance Act, 1923, brought in the six years instead of three. We are now up against two things here. The Special Commissioners can go back for six years. The company must have distributed a reasonable dividend within a reasonable time, and even if the company has distributed its reserves within six years, it would appear that the Commissioners could go back and assess them in the year in which they did not make a distribution. The only point to remember is that many companies which could be assessed to-day would not be assessable under the 1922 legislation. It was said in Parliament—although, of course, that does not mean anything in the way of statutory force—that it was not the intention to make the 1927 Act retrospective. The 1922 Act would not have been strong enough prior to that date. I do not see any reason to suppose that they could not go back to 1925 or 1926 to-day if they wished.

Mr. J. C. RUSSELL, Incorporated Accountant : The Lecturer mentioned the question of the transfer of a large block of shares. Am I right in assuming that his remarks in that connection would apply particularly in the case of a holding company taking over a small private concern which in the past had not been in the habit of distributing a reasonable share of its income ? The holding company might have to bear six years surtax, with no right of recovery from the original shareholders.

Mr. WILSON : Certainly those circumstances ought to be taken into account by the holding company when arriving at the price to be paid for the shares. But, after all, who is really interested there ? Is the holding company really interested if it can get the old shareholders to take a smaller price owing to this contingency ? I should say it was the old shareholders who wanted to get rid of the liability or the danger.

Mr. W. J. BACK, Incorporated Accountant : Supposing a company has had a number of bad years and accumulated a debit at profit and loss account, and then has a good year, making sufficient profit to about wipe out the debit balance. Could it, in those circumstances, be held that it ought to have distributed a dividend out of the profits for that year taken alone ? Then there is another point. Supposing by the time the matter comes before the Commissioners the profits have in fact been absorbed by subsequent losses, will it still be held that they ought to have distributed the profits ? The losses are subsequent to the date of the balance sheet, but it is at that date that the matter has to be determined.

Mr. WILSON : In the case of prior losses, you have every excuse for making those good from the commercial point of view, and I cannot imagine the Commissioners saying there is no need to make good prior losses. The Special Commissioners, you will find, are a fairly reasonable body of men, and in any case, the Board of Referees are likely to be reasonable, because they are business men. You have there a safeguard. But I would utter this caveat, that the prior losses must have been made in the same line of business as the profits. As regards the losses made subsequently, the company has not distributed a reasonable dividend within a reasonable time, so the company can therefore be assessed. Was it within the power of a director to forecast that losses were likely ? It would be fairly easy to prove in most cases that it was a reasonable expectation that losses would occur. Provided your statutory declaration was drawn up with due skill and care, I think you would be on quite safe ground there, although legally, of course, the Special Commissioners could assess you, just the same as they can where profits have been withheld from distribution.

A STUDENT : Are the Special Commissioners and Board of Referees appointed for life ?

Mr. WILSON : The Special Commissioners are definitely Civil Servants, and they are appointed until they reach the usual age limit. The Board of Referees are business men, and they change from time to time.

Mr. A. E. WEBSTER, Incorporated Accountant, in proposing a vote of thanks to Mr. Wilson for his lecture, said : These surtax questions are very involved and difficult. You will find, as probably Mr. Wilson has found, that when they do arise you may write and advise your clients that the declaration by the directors which has to be supplied to the Special Commissioners in response to the requirement they serve upon you, should be drawn up by solicitors and counsel, and when solicitors and counsel have been brought in they may turn round and say that the matter is more one for the accountants, with the result that I have had to draw them up myself, and then finally they have been passed by solicitors and counsel and gone in exactly as prepared, but I have no cause to complain of the final outcome. After you have filed your declaration, you generally get a very courteous request from the Board of Referees asking if you would like any appointment to the Board of Referees of someone specially acquainted with the particular business to be dealt with. You have, therefore, an opportunity of having somebody acquainted with the business placed on the Board of Referees who are going to consider your case. Then again you get this peculiarity. You supply the Special Commissioners with the statement of your case in your declaration. The Commissioners then make their statement to the Board of Referees, and forward the case with their submission ; this you do not know anything about until it has been dealt with by the Board of Referees. You should always bear in mind that you have the right to apply to the Special Commissioners for a copy of any statement they submit to the Board of Referees. When you get that your case becomes considerably stronger. I think the lecture you have heard to-night is one of the most valuable you could have presented to you, and I sincerely trust you will all study it and follow the ramifications indicated to you, and master the subject. You will then find that it is not only valuable from an educational point of view, but also from the professional point of view.

The vote of thanks was passed unanimously.

Society of Incorporated Accountants and Auditors.

COUNCIL MEETING.

A meeting of the Council was held in Incorporated Accountants' Hall, on October 27th, when there were present :—Mr. E. Cassleton Elliott (President), in the chair ; Mr. H. J. Burgess, Mr. Walter Holman, Mr. Thomas Keens, Mr. Henry Morgan, Mr. W. Paynter, Mr. R. T. Warwick, Mr. E. W. C. Whittaker, J.P., Mr. Richard A. Witty, Mr. J. R. W. Alexander, M.A., LL.B. (Standing Counsel), Mr. Ernest E. Edwards, B.A., LL.B. (Parliamentary Secretary), and Mr. A. A. Garrett, M.A., B.Sc. (Secretary).

Apologies for non-attendance were received from Mr. R. Wilson Bartlett, J.P., Vice-President, and a number of other members.

The Secretary reported the death of the following members : Mr. Frederick John Asbury (Fellow), London ; Mr. Alexander Brodie (Associate), Middlesbrough ; Mr. William Henry Hill (Associate), Bradford ; Mr. Philip Dennis Howes (Associate), Kingston-on-Thames ; Mr. William Edward Jones (Associate), Oxford ; Mr. Frederick John Warren (Fellow), Haverfordwest.

A number of elections to membership were made, and other routine business was dealt with.

Incorporated Accountants' Examinations.

A LECTURE delivered to the Incorporated Accountants' Burnley and District Students' Society by

Mr. RICHARD A. WITTY,
INCORPORATED ACCOUNTANT.

The chair was occupied by Mr. WM. ASHWORTH, A.S.A.A.

Mr. WITTY said: When I accepted your Secretary's invitation to address you on the subject of the Society's examinations I interpreted that invitation as meaning that you would be interested to hear the broad question of professional examinations in general, and Incorporated Accountants' examinations in particular, presented from the point of view of one who has been an examinee and now occupies the position of an examiner. I do not propose to discuss actual questions which may have been set at past examinations, but rather to consider various matters relevant to the object of our examinations and the course of study most likely to lead to a satisfactory result in the examination hall and yet, at the same time, most calculated to equip the student for his future career as an Incorporated Accountant.

NATURE AND OBJECT OF EXAMINATIONS.

My first point, then, is to impress upon you that the Society's examinations are not of a purely competitive nature. That is to say, there is no provision, written or unwritten, that a certain percentage only of the candidates who present themselves may receive a pass notice. The examinations are directed towards testing the knowledge of a candidate and his fitness for admission to the Society with the consequent use of the designation "Incorporated Accountant." A definite standard of knowledge is required to be proved before the Society will admit the candidate to membership, and it depends entirely upon the candidates themselves as to the percentage to reach that standard at a given examination.

This thought should be in all your minds in the course of your study—that you are preparing for a professional career and that your studies must be directed towards your fitness for that particular vocation. In the long run it will be futile for you to so arrange your studies that you pass your examination without having acquired that deeper knowledge which will enable you to take all the responsibilities of public practice. Examinations loom very large when they are ahead but after you have passed the Final you see them in their right perspective. It follows from this thought that the Board of Examiners endeavour to test the practical knowledge of the candidates. They never set deliberate traps, but are always concerned to give candidates the opportunity of displaying the knowledge they possess. Admittedly, examinations are not an infallible test of a man's ability; on the other hand, no other test has ever been devised which can measure a candidate's knowledge with anything approaching the same degree of success. We all know that occasionally a brilliant man in practice may fail at an examination and his failure may be due to temperamental causes or possibly due to the fact that the particular papers were unfortunate so far as he was concerned. But when you have an examination such as the Society's Final, which includes three separate groups under the headings of (1) Accountancy, (2) Law, and (3) Economics and Statistics, the chance of a candidate being ploughed through unfortunate questions is reduced to the minimum. On the other hand we find candidates passing the examination

at the first attempt, and possibly obtaining honours, whose reputation in the office is not of a high order. These two extremes, however, are very exceptional and in the case of the preponderating majority of candidates the examination result must be taken as a fair reflection of the candidate's knowledge. Luck does not play much part in our examinations. The safe pass is the man who knows his subject and the certain failure is the man who does not.

EXAMINATIONS HARDER AND STANDARD HIGHER.

It is undoubtedly true that the examinations to-day are stiffer than they were say 20 years ago; it is also true that the examiners require a higher standard in relation to each paper, but these extra demands are only a reflection of the greater responsibilities which are placed upon professional accountants to-day, both by statute and by the advancement of commercial ideas and organisations. We must therefore accept these facts and plan our studies accordingly.

Syllabus.

Now let us for a few minutes survey the Syllabus of the Society's examinations. Let us envisage the compass of the knowledge required and see if we can correlate the various subjects to the needs of qualified accountants. I propose, in this connection, to bear in mind the angle of view of the examinee and also the angle of view of the Board of Examiners. Actually the two points of view are the same, or should be, although it may be difficult at times for the student to realise this.

INTERMEDIATE EXAMINATION.

Accountancy.—The four papers in the accountancy group are set under the following titles:—

(1) Book-keeping and Accounts, including Income Tax, (2) General Commercial Knowledge, (3) Cost Accounts, and (4) Book-keeping and Accounts, including Partnership and Executorship Accounts and Income Tax. One of the troubles in relation to the Intermediate examination is that whilst there is clearly a limit to the knowledge which the student can be expected to have acquired at that stage in his career, there is nevertheless no clear line of demarcation as to what may be reasonably set by way of questions in this examination as distinct from questions which belong more properly to the advanced stage. The average Intermediate examinee is presumed to be a young man who has had from three to six years' training in an accountant's office. The standard of knowledge required demands practical experience and actual contact with a variety of trades and industries through audit and investigations, and in addition a course of study covering the syllabus and roughly indicated by the compass of the books recommended for study. May I just say in passing that the advisability of the Society continuing to recommend books is sometimes questioned, and there may be cogent reasons against it. But on the whole the balance of the advantage probably lies with the continuance of the practice, more particularly for the assistance of those candidates—and there are many such—whose place of residence or employment makes it difficult or impossible for them to take advantage of the facilities offered elsewhere for professional education. The Intermediate candidate is expected to have a complete knowledge of all forms of book-keeping and accounts and of the documents and business terms incidental thereto; he must have some knowledge of auditing and investigations even though those terms are not actually included in the titles of the papers; he is expected to have a sufficient knowledge of income tax law and administration to enable him to make ordinary computations and returns. With regard to cost accounts, here again it is recognised by examiners that to the Intermediate candidate this subject may, for

the moment, be more academic than practical because comparatively few Intermediate candidates have been brought into personal contact with costing problems. For that reason this paper in the Intermediate is usually confined to fundamental principles of costing, with perhaps a simple application of those principles to a particular group of trades or industries.

General Commercial Knowledge is rather a bugbear to students and coaches alike. The examiner has a very wide field in which to browse for his questions, and it is not surprising that this paper frequently travels outside the limits of any text book which the candidate may have read. The original intention of this paper was to test the commercial knowledge of the candidate outside his special text book studies. It is a difficult subject to define, but I sometimes think of it as newspaper knowledge; in other words, if a candidate makes a practice of reading intelligently the financial and commercial news in an ordinary newspaper and makes a point of looking up information on the terms with which he is not already familiar, then he will acquire within a short space of time most of the knowledge that is required of him for this paper.

Law.—In the Intermediate there is only one paper on Law, but it covers commercial law and the powers and duties of liquidators, trustees and receivers. You are, of course, aware that this single paper involves a considerable number of separate legal subjects, but they are all very definitely connected with the ordinary duties of a practising accountant. The papers are based on the recognition that the accountant needs an understanding of legal principles and the procedures by which those principles are applied; he is not expected to have a full knowledge of the many rules of law. Indeed, it has been truly said that the accountant needs to know sufficient about the law to enable him to avoid legal pitfalls and to recognise them promptly enough to enable a lawyer to render effective aid. The compass of the Intermediate syllabus, then, cannot be said to be unduly comprehensive and the examination is designed to test the candidate's knowledge half-way through his studentship.

FINAL EXAMINATION.

Here the candidate is faced with a wider and more difficult problem. The Society's Final examination is said to be the high water mark of accountancy knowledge and the reputation of our Society arises largely from the accuracy of that statement.

In the accountancy group we have the following papers: (1) Advanced Accounting, including Partnership and Executorship Accounts and Income Tax, (2) Auditing and the general duties of professional accountants, including Income Tax, (3) Cost Accounts, and (4) General Knowledge in regard to commerce and finance. In the legal group we have three papers: (1) The Law relating to Joint Stock Companies and Bankruptcy, (2) Mercantile Law, including Partnership and the Law of Arbitration and Awards, and (3) The Powers and Duties of Liquidators, Trustees, Executors and Receivers. Then there is the third group, which covers Statistical Methods and Economics.

Accounting.—Considering the first three papers in the accountancy group there is and can be no limit. The papers cover every branch of the public accountant's work, and they are essentially of a practical character. They again strongly emphasise the fact that practical work is an essential part of our students' training. It is inconceivable that a candidate who had studied text books only, and knew nothing about business life from the practical side, could ever hope to pass this examination. The

examiners, of course, are not bound by any text books, and the sets of figures and facts and the various circumstances put forward are nearly all taken from actual practice. I need not analyse the ground covered, but candidates will do well to remember that many positions arise in the daily life of an accountant which have never been set down within the covers of a text book.

General Commercial Knowledge.—The paper on General Knowledge in relation to commerce and finance is as harassing as the corresponding paper in the Intermediate, only more so. It tends to go beyond the limits of the Intermediate paper, but the exceptions usually cover commercial knowledge which it is essential that the accountant should possess. I have heard a little criticism that recently the paper sometimes included questions which more properly belonged to the paper on Economics, but the obvious answer is that commercial and financial matters to-day are all so dependent upon economics that it is difficult to draw a dividing line.

Law.—The legal papers are but little more than an extension of the legal subjects required in the Intermediate, although quite properly the Final candidate is expected to have a very complete knowledge of Company and Bankruptcy Law.

Statistics and Economics.—When we come to consider the third group, comprising statistics and economics, we are faced with a very definite addition to the knowledge that was required by our students 20 years ago. This group is often considered as the last straw which breaks the camel's back, but yet we are all bound to admit that no accountant to-day is properly equipped unless he has more than a passing acquaintance with both these branches of knowledge. It is recognised that these additional subjects, superimposed as they are on all the other subjects, create a standard of knowledge on the part of our candidates such as is not surpassed in any other professional examination. It is the price we have to pay for the rapid and continuous expansion of the various directions in which the services of qualified accountants are utilised. These subjects must be included in the syllabus because the modern man of business expects his accountant to be able to advise him in relation to these matters. The day has long since passed when the accountant's chief and almost sole duty was to prepare a profit and loss account and balance sheet. In business he must be all things unto all men.

PUBLIC SPEAKING.

The one subject which is prominent by its absence from our syllabus is that of public speaking. The reason for its omission, of course, is that it would be quite impracticable to examine 1,000 candidates in this subject. But you must not lose sight of the fact that public speaking is just as necessary a qualification for the practising accountant as any of the subjects which appear in the syllabus. The students' organisations connected with our Society are formed partly to give our students the opportunity of training themselves to speak in public. It is largely a matter of practice, and once you have overcome the initial nervousness of having to think whilst on your feet and hearing your own voice, it loses all its terrors, and the difficulty may then arise as to how to curb your desire to talk on every and any possible occasion. Take every possible opportunity, then, of entering into the discussions which follow the reading of lectures at your students' gatherings. Come to the meetings prepared to put questions to the Lecturer, and put them whether he may have touched upon your particular point or not. I cannot within the compass of this lecture enter upon much detailed advice with regard to public speaking beyond

saying this: that it is far better to prepare what you are going to say, on paper if you like, but in your mind certainly, because there are very few people who can really speak impromptu without giving the impression that they have to say something as distinct from having something to say. It is true that the work of accountants in this direction is mostly in relation to business meetings, but nevertheless it is wise to be prepared to speak at any social or public function. Nobody will dispute the advantage of being able to express one's thought or facts in a compact and forceful speech.

RELATIONSHIP BETWEEN EXAMINERS AND EXAMINEES.

The following paragraphs appeared in the Society's *Journal* many years ago:—"It is a fact, strange but true, that students everywhere and at all times appear to have regarded an examiner as a natural foe, with whom it is their hateful but necessary duty to maintain unequal war. He is postulated as a soured and ill-conditioned varlet, who is ever lying in wait to trip up his unwary victims, distilling in secret the deadly potions which are to work their undoing. Never was greater error than this. The examiner within our knowledge is a kindly, generous, sympathetic soul. Let it not be thought that any examiner who is worth his salt is ignorant of the horrid grind of preparation which the student has to endure, or unmindful of the volume of reading which might have been jettisoned or thrown aside if only the student had known. Examinations are the best method available at present for determining whether or not pupils have applied themselves to their studies, and until an alternative plan is found which is equally or more effective it must happen of necessity that much of the dreary process of learning from books shall continue."

These words came from the late Mr. Harry L. Price, a past President of the Parent Society and an examiner in accountancy subjects, and one who combined in the highest degree a very jealous regard for the Society's qualification and designation with a true sympathy for the examinee. The words are just as true to-day as when they were written, and you must not therefore think of the Board of Examiners as soulless conspirators who neither realise nor care about the feelings of the candidate who has to be placed below the line. All the accountancy examiners at the present time have been through the mill of the Society's examinations, and they engage in friendly criticism of each other's papers in an endeavour to make the questions perfectly plain and to ensure that, as far as possible, the candidate shall be given an opportunity of showing what he knows as distinct from exhibiting what he does not know.

GENERAL ADVICE TO EXAMINEES.

Before I pass on to a consideration of professional education, studies and coaching methods generally, let me say a few words as to certain definite impressions which I have formed when marking papers of examination candidates.

Accounts Questions and Essay Questions.—The first point under this heading which I would like to emphasise is that in the accountancy section of both the Intermediate and Final examinations the questions may be roughly divided into Accounts questions and Essay questions. It is not an infrequent occurrence to find that a candidate can write brilliantly when he is engaged on essay work, but when he comes to an accounts question he shows very clearly that he has not grasped the fundamentals of his profession. You are training not to be journalists but to be accountants, and I need hardly tell you that your accountancy knowledge carries more weight in the examination than any other branch of knowledge.

If you tell the examiner in effect that you do not understand the real principles of modern accounting, or that you cannot express those principles in account form, or that you do not appreciate the necessity of being reasonably neat and tidy in your work, then, no matter how good your essay work may have been, you are certain to receive that terribly polite blue notice referring you back to your studies. I would then emphasise the necessity for continuous practice in answering questions involving the preparation of accounts. The popular correspondence courses of coaching present a real difficulty in this respect because they somewhat naturally tend to magnify the essay part of the work. Most of the coaches, however, are fully alive to this danger and endeavour to meet it as far as possible. But remember always that there must be some relative importance as between the various questions in a paper, and that accounts questions, taken as a whole, are of the first importance.

Importance of Fundamentals.—The next point I would make is that you should be sure of the fundamentals of your work. There is a real danger in the fact that the average audit clerk starts his work after the ordinary book-keeper has finished. Take every possible opportunity in your early years of actually writing up books and making original entries. At a recent Intermediate examination a question was set calling for the preparation of a Manufacturing and Trading and Profit and Loss Account showing the gross results of manufacturing as distinct from the gross results from trading. The particulars given were perfectly straightforward, and yet I regret to say that more than 50 per cent. of the candidates did not give a correct answer to that question which dealt with perfectly elementary principles of accounting.

Construction of Questions.—The exact construction of questions sometimes causes a difficulty. Every endeavour is made to see that the questions are perfectly clear, but it may happen at times that a question is open to more than one construction. Do not let this disturb you, because as long as your construction is reasonable it is sure to be accepted by the examiner. As a simple example, a question was recently set as to the meaning of "back duty" cases. The examiner had in mind the application of the phrase to income tax procedure, but several candidates interpreted it as relating to drawback of import duties; this construction was not unreasonable because the term "back duty" is certainly used in some offices in this connection.

Generally.—I do not, however, propose to discuss in detail the vagaries of candidates in answering questions. These curiosities have been dealt with by other Lecturers and writers, and I would rather pass on to something more constructive. As a last word under this heading, however, I would strongly advise you never to "cook" a solution. If your final account does not agree and you have not time to find the difference, state that fact boldly and suggest where the difference may be, but do not show the same total on the two sides of the balance sheet when the additions do not agree. The examiner has his own answers and is bound to spot a bit of "cooking," and not only does the candidate stand condemned in regard to that particular answer but the incident leaves an impression on the mind of the examiner which must affect the whole of that particular candidate's paper.

Read the "Instructions to Candidates" very carefully and comply with them exactly. Be explicit but not terse. It is of no use to try and drown your ignorance in a torrent of words; the examiner detects that subterfuge immediately.

STUDIES AND COACHING.

There is little doubt that the very great majority of the Society's students are tutored by professional coaches, although there are some who are successful at the examinations without this assistance. So far as the acquisition of knowledge is concerned the Society's syllabus is certainly not prohibitive to self-study. The danger, however, lies in the fact that the candidate may waste a lot of time through the absence of proper direction in his studies, and also in the fact that he is without previous experience in drawing up a time table of studies and a course of test papers.

Coaching is probably as ancient as the human race, although it is only during the last two or three decades that it has been raised to the status of a profession in itself. Let us remind ourselves, however, that the real object of coaching should be to equip us for our career and incidentally to enable us to pass the examinations which are only a test of our fitness for that career.

STUDY V. CRAMMING.

One is tempted to discourse on study v. cramming. The word "cramming," however, is so vague and indefinite that no useful purpose would be served in entering upon a long dissertation. From one point of view it may reasonably be said that any form of intensified study is really cramming in the sense that the student is endeavouring to imbibe knowledge at much greater speed than under normal circumstances. But cramming in its derogatory sense I take to mean the acquisition of knowledge in such a way that the mind retains what it has absorbed for a very limited period only and deliberately ceases to store it. It is not impossible to study in this way. Anyone with a reasonably good memory can learn long passages or short mnemonics by heart in a brief space of time, so that what has been memorised can be repeated within, say, a week or a month and then entirely forgotten. That is essentially cramming. I think it is realised, however, by all professional coaches—and, in fact, by all who are interested in any education—that such a process may defeat its own end in relation to a particular examination, and for that reason I think it may truly be said that modern coaches discourage cramming. A revision course, for example, is not cramming, but is a necessary part of any course of study which has been spread over two or three years.

INCREASED PERCENTAGE OF FAILURES.

It is a curious fact that in spite of the improved coaching facilities during the past decade there has been a distinct fall in the percentage of passes both for the Intermediate and Final examinations during the same period. Let us examine the possible causes particularly in view of the fact, which I have already stressed, that the examiners themselves are only concerned with the standards and not with percentages of passes and failures.

1. The standard of the examination questions may have been raised or the standard of qualification demanded may have been made higher.
2. The standard of the candidates may have been lowered.
3. The scope of the examination may have been so widened as to make it more difficult for a candidate to cover the ground in one examination resulting in a reduction of the standard of fitness in all the subjects.
4. The methods of preparation for the examinations may perhaps not entirely meet the requirements of the syllabus.

If we scrutinise these possible causes we are forced to admit that No. 1 may be, in some measure, the cause of the heavier failure list, but as I have already pointed out

the raising of the standard is not more than a reflection of the increased demands upon the professional accountant. With regard to No. 2 there is no evidence that the general mentality of the candidates is lower than in the earlier years. No. 3 raises some difficult questions of policy. In the Final examination we have Cost Accounts, Statistical Methods, and Economics, in addition to the pre-war subjects, whilst the syllabus has been adjusted in other directions. On the whole, therefore, we may say that there has been no really serious addition in the Intermediate examination, but in the Final there has been a considerable extension of the ground of study that has to be covered by the candidate. It may possibly be true that the fundamental subjects of auditing and accountancy have suffered from the inclusion of the additional subjects, but probably nobody would be so rash as to suggest that the additional subjects were not demanded by modern requirements. But actually there is no concrete evidence in support of the contention that the Final examination is too wide in its scope, and it is somewhat discounted by the fact that the fall in the percentage of passes is just as marked in the Intermediate as in the Final. Turning now to the fourth possible cause, that is, in the methods of preparation, I frankly believe that it is in this direction that we can most profitably explore possible avenues of improvement. The examinations are the tests of the candidates' knowledge and on the results of these tests the candidates' fitness for membership will be judged. The answers of candidates enable the examiners to form clear judgments of the candidates' knowledge. They also enable the examiner to form definite opinions as to the practical and theoretical preparation which that candidate has undergone before sitting for his examination. I have seen the prospectuses and other literature of all our leading accountancy coaches. In every case the syllabus of work covers, of course, the ground of the examinations; the advice given to the candidates is admirable; indeed, one is tempted to suggest that any candidate who follows the course and carries out the advice would be sure to pass. Why is it, then, that we have this increased percentage of failures? Paradoxical though it may sound, I think it may be partly due to the fact that the work of the coaches is almost too complete. One can well conceive a candidate being almost mesmerised into thinking that if he places himself in the hands of a particular coach he need not worry further. Therein, I think, lies the real danger. The coaches are doing their part, but many of the candidates are not realising that self-study and self-determination are matters which they alone can control and, moreover, are matters which will settle the question of whether the result of the examination will come to them on a white form or a blue. It is well that students should realise the measure of their own responsibility in regard to study. It is not sufficient that a parent or guardian should pay thirty guineas as a coaching fee and then blame the coach if the candidate does not pass at the first attempt. The problem is finally one for the candidate himself, and he alone is really the arbiter of his own fate. But it is not only on the study side of training that this self-determination is required; it is of even greater importance on the practical side. I would urge all candidates to remember that the manner in which they approach their daily work has a direct bearing on their examinations. As a simple example, the checking of postings from a subsidiary book to a ledger may be a somniferous procedure if it involves no mental action beyond the actual calling over of certain figures, but it may be entrancingly interesting if the audit clerk visualises the actual transactions involved by these postings and keeps his mind focussed on the final accounts and balance sheet and the effect of those particular figures therein.

To sum up these few remarks on the question of passes and failures, then, I would say that the examinations are harder in that they demand a wider and more complete knowledge. The mentality of the candidates is certainly not lower than heretofore, the coaching facilities meet all the requirements of the syllabus, but there is a need for further appreciation on the part of candidates of their own responsibility. At the same time I wish to make it quite clear that it would be absurd to try and deduce from the percentage figures of passes and failures alone that the modern student of accountancy is in any degree decadent when compared with his predecessors. Such is not the case; indeed, I hold the opinion that the truth is quite the reverse, and I will deal a little more fully with this point under a later heading.

PROFESSIONAL EDUCATION.

Many addresses have been given in the past on the broad aspects of professional education. Unfortunately, most of the suggestions made by the various writers have been in the direction of increasing the circle of study to be undertaken by the student who is preparing for his Final examination. It is not always remembered that any additional subject which is added to the syllabus must detract from the amount of time the student can give to the fundamental subjects of auditing and accounting. That fact, however, is always present in the minds of the Board of Examiners and of the Council. It is no secret that the general question to the professional education of our students is continuously occupying the attention of the Council. The representatives of the various District Societies take a keen interest in this matter, and various proposals have been considered from time to time at their Conferences. One interesting suggestion has been that some degree of University training should be made an essential part of the examination candidates' studies. There is little doubt that up to a point the suggestion is good. The University influence is distinctly helpful, but the great drawback to the whole proposal lies in the fact that our students are drawn from all parts of the United Kingdom and the Dominions and in many cases University facilities are not available. Suggestions have been made that the Society itself should undertake an educational scheme, and the possibilities of such a proposal meeting with success have undoubtedly been increased since the completion of the District Societies organisation. Personally, however, I do not favour the scheme at present, partly because similar schemes run by other professional bodies have not been conspicuously successful and partly because I fear the results of creating a body of spoon-fed candidates. I would rather leave it to the candidates themselves, subject to reasonable guidance, to arrange their own professional education as being a necessary part of their training for authority and responsibility. I do not contend that the present system is by any means perfect, but I must admit that I have not heard any specific suggestions which appear to me to be a real improvement on the present methods of professional coaching.

The present syllabus, both for the Intermediate and Final examinations, is as wide and comprehensive as can reasonably be demanded from an articulated clerk of five years' training or from a special by-law candidate. The students of the Society are practically all engaged in actual professional work during business hours, and although some of them may be fortunate enough to get some allowance of time for study during the day it must inevitably happen that in the great majority of cases the necessary theoretical knowledge of their profession is only to be obtained during that period which is erroneously described for them as the hours of leisure or recreation. I do not suggest that the syllabus covers all the knowledge

required by the modern practising accountant, but I have formed the opinion that any demands for additional subjects should be the basis of an examination to be taken at some date after qualification. This post-qualification examination might be made a condition precedent to fellowship, or alternatively it might lead to a higher qualification such as a Doctor of Accountancy. That, however, is a wider topic than I can discuss in this paper, especially as I feel that if such a proposal is ever adopted it should be the result of common action by the Institute and the Society.

YOUTH OF TO-DAY.

Our analysis of the Incorporated Accountants' syllabus has proved that the young man of to-day is expected to have a wider knowledge before receiving his qualification than was the case with his predecessor, say, 30 years ago. How is this to be reconciled with the supposed decadence of the young men of to-day who have been said to be lacking in veracity, stamina, industry, trustworthiness, and all the other good qualities which were presumably possessed by the earlier generations, qualities which therefore ought perhaps to be more apparent than they are in the middle-aged and older men of the present time? Possibly this point does not strictly come within the limits of my title, and yet I think it must be of interest to students who are still on the threshold of their career. When I commenced business life over thirty years ago I came into personal contact with a considerable number of the young men who were then seeking entrance to the Society through the examination hall; to-day I still come into personal contact with a goodly number, and I meet a great many more indirectly in my capacity as an examiner in accountancy subjects. Speaking with first-hand knowledge, then, I would join issue with all those Jeremiahs who would decry the youth of to-day. I hold the definite opinion that the young men of to-day in general, and particularly those who are training to become Incorporated Accountants, are more knowledgeable, more self-reliant, more ready to undertake responsibility, and better equipped with a wider outlook on life than were the corresponding young men of thirty years ago. Surely it is evident that this must inevitably be so. Those who make comparisons between different generations are prone to forget that the youth of to-day are faced with much more difficult problems than their predecessors. There is greater competition, including the competition of that vast number of young women who have proved their worth in both factory and office life. There is also the great psychological effect of having lived only in a world which appeared to be always upside down, always suffering from one depression or another, and in which the seniors were for ever speaking about the days before the War which, of course, to the young men of, say, 20 years of age, are merely historical dates. Let it be recognised, then, that it is a harder matter to-day than it has ever been before for a young man to get a firm footing on the lower rungs of the ladder. That is where the greatest struggles take place, but in spite of these difficulties the young men of to-day win through and know quite as much and probably a good deal more than those of earlier generations.

BROAD EFFECT OF TRAINING AND EXAMINATION.

Let us consider for a few minutes what is achieved by the system of training and examinations. It is a matter of common complaint that the student is compelled to do a vast amount of reading and study upon which he is not actually examined. This is inevitable, but even if the candidate forgets much of what he has studied it is to be remembered that during that study he has assimilated knowledge, and, what is almost as important, he has found out where to look for information and how to apply it.

After all, the practising accountant refers to his authorities daily if only to confirm his knowledge before acting in a particular matter.

The training generally teaches the student the power of mental discipline; it should help him to realise that accountancy is a learned as well as a practical profession. It should create a desire for further knowledge and the realisation that every right-thinking accountant must be a student all his life. A lifetime is not too long to acquire all the knowledge which practising accountants should possess, and that is probably what is meant by those who tell you that your training really starts, not finishes, on the day you pass the Final examination.

Apart, then, from having proved his fitness for the Society's qualification and designation, the successful candidate is far better equipped for life than if he had omitted his training and examinations. I ask you to remember this in conjunction with the work of your District Society and Students' Section. Continue to give these organisations all the support you possibly can. By so doing you will help your fellow-students and keep yourself in touch with the ever-widening scope of an accountant's duties.

CONCLUSION.

In conclusion, I invite you to ask any questions or make any suggestions you desire with regard to our examinations. If you think that additional subjects should be included in the syllabus, now is your opportunity to say so. If you, as students who are actually in the thick of the fray, wish to suggest any methods by which the examinations can be improved from your point of view, always bearing in mind the basic fact that our training and examinations are to equip us for the qualification of Incorporated Accountant, then I invite you to put forward your views because this is one of the comparatively rare occasions when examiners and examinees meet together in order that on each side there may be a more perfect understanding of the angle of view of the other side.

Society of Incorporated Accountants and Auditors.

MEMBERSHIP.

The following promotions in, and additions to, the Membership of the Society have been completed since our last issue:—

ASSOCIATE TO FELLOW.

GARWOOD, REGINALD EDMUND (Price, Waterhouse, Peat & Co.), 10, Standard Bank Chambers, Johannesburg, South Africa, Practising Accountant.

ASSOCIATES.

ASHBY, CHARLES WILLIAM EDWARD, formerly Clerk to Kilby & Fox, Drury Chambers, Market Square, Northampton.

CANN, JACK, City Treasurer's Department, The Council House, Coventry.

CAUSTON, CYRIL ROY, Clerk to Speight, Goldby & Webber, Beresford House, 86, Main Street, Johannesburg, South Africa.

CARRUTHERS, DUDLEY CRAIG, Clerk to Deloitte, Plender, Griffiths & Annan & Co., 201, Consolidated Buildings, Johannesburg, South Africa.

CHAPMAN, FREDERIC GUISEPPE, Clerk to M. Dreyer & Co., 1, 3 and 7, Lawley's Buildings, Fox Street, Johannesburg, South Africa.

CONSTANCE, WILLIAM THEO, Clerk to Clarkson & Rumble, 16-17, Devonshire Square, London, E.C.2.

COOMARASWAMY, SARAVANAMUTTA, B.Sc., formerly Clerk to Wilson, Bigg & Co., 28A, Basinghall Street, London, E.C.2.

COOPER, FRAMJI CAWASJI, B.A., LL.B., formerly Clerk to Damania, Panday & Bajan, Navsari Building, Hornby Road, Fort, Bombay.

DAVIES, WALTER REGINALD, Clerk to Dixon, Wilson, Tubbs & Gillett, 24, Basinghall Street, London, E.C.2.

DICKSON, ANDREW, Clerk to Alex. Aiken & Carter, National Bank Buildings, Simmonds Street, Johannesburg, South Africa.

EASTWOOD, JOHN HELPERNS RITZEMA, Clerk to Douglas Low & Co., North British Building, Commissioner Street, Johannesburg, South Africa.

FINDING, STANLEY, Clerk to Butterworth & Bell, 78A, High Street, Weston-super-Mare.

HALEY, HUBERT CYRIL, City Treasurer's Office, 3 Southernhay East, Exeter.

HOLMES, TOM ALEXANDER, Clerk to Leith, Freake & Cade, 79, Maitland Street, Bloemfontein, South Africa.

IREDALE, LIONEL EDGAR, Clerk to J. Jackson Saint & Co., 22, Lowther Street, Carlisle.

LAYFIELD, ARTHUR, Clerk to James Paterson, 13, Hamilton Street, Greenock.

McFARLANE, PETER STEWART, Clerk to Douglas, Low & Co., North British Building, Commissioner Street, Johannesburg, South Africa.

MACDONALD, ANGUS POWDITCH, Clerk to Deloitte, Plender, Griffiths, Annan & Co., 201, Consolidated Building, Fox Street, Johannesburg, South Africa.

MARSHALL, ARTHUR RAIF ARBUTHNOT, Clerk to James Condie, 3, East Port, Dunfermline.

RANDLE, GILES NOAL, Clerk to A. J. Ingram & Co., Central Buildings, West Sunnyside, Sunderland.

SCRIVEN, JOHN NEVILLE, Clerk to Oswald Coope, 14, Park Row, Leeds.

STEVENTON, ERIC ANDREW EDWARD, Deputy Borough Treasurer, Town Hall, Chorley.

THOMAS, MATTHEW FORD, Clerk to J. Wallace Williams & Co., 5, St. Andrew's Crescent, Cardiff.

WELLS, VERNON JOHN, Clerk to Charles Hewitt & Trollip, 53 to 60, Sauer's Buildings, Loveday Street, Johannesburg, South Africa.

WOOLVERIDGE, HUBERT HECTOR WILLIAM, Assistant to the Director, Prince of Wales General Hospital, Tottenham, London, N.15 (formerly Clerk to Deloitte, Plender, Griffiths & Co., 5, London Wall Buildings, London, E.C.2).

Incorporated Accountants' Golfing Society.

The autumn meeting was held at the Coombe Hill Course on September 29th, and a very enjoyable day was spent by the 26 members and guests present.

Golf was made difficult by the weather conditions, a strong wind prevailing throughout the day. In consequence, members' scores fell rather below the usual standard.

Bogey for the course is 76, and the Society's prize for for morning round went to Mr. H. Townsend, with a score of 92—12=80, the runner-up being Mr. L. O. Varrall with 101—19=82.

In the afternoon a Four Ball Bogey Competition was played and was won by Mr. P. F. Keens and Mr. F. Martin Jenkins with the very good score of 4 up.

The Society's prize for the best aggregate score for the spring, summer and autumn meetings was won by Mr. H. Townsend with a net score of 245; Mr. L. Jordan being second with 246. The "aggregate prize" was an innovation introduced this year, and it increased the keenness of members.

The Society is considering a further interesting competition for 1933 in addition to those usually held.

The captain and secretaries will be very pleased to receive names of intending new members for next year as soon as possible. The subscription is 10s. per annum.

Reviews.

Local Authority Finance Accounts and Auditing.
By J. H. Burton, A.S.A.A. London: Gee & Co.
(Publishers) Limited, 8, Kirby Street, E.C.1. (In two
volumes, 1,076 pp. Price 45s. net.)

In these two volumes Mr. Burton deals exhaustively with municipal finance in all its aspects, including the organisation of the departments, an explanation of the different accounting systems, and the methods of supervision and control of income and expenditure. Chapters are also devoted to questions of principle, trading departments and semi-trading undertakings. The subject of Income Tax in its application to Local Authorities is fully dealt with, the working out of specimen assessments being shown in relation to different classes of undertakings, such as water works, gas works, and electricity. The concluding chapters deal with financial investigations and the Local Government Act, 1929. There are also a number of problems set for the benefit of students. The two volumes constitute a very complete guide on Local Authority finance.

"Factotum" Audit Date Register. Worcester: Streets
(Printers) Limited, 47, Sidbury. (Price 6s. 6d. net.)

As indicated by the title, this register is intended for the use of accountants, and its object is to record the progress of the audit and income tax work carried on in the office. The register is ruled with columns for the name of the client, the progress of the work at different stages and the date when account of charges is sent out and paid. On the left of the client's name are twelve small columns for the purpose of indicating the month when the client's year ends or when the audit is due. Columns are also provided under the head of Income Tax for recording the date when the accounts are submitted to the Inspector of Taxes, when the assessment is agreed, the return sent in and the notice of assessment checked. The intention is that an alphabetical list of audits should be entered in the register at the beginning of the year showing the due date in the appropriate column on the left and, if thought advisable, leaving the alternate lines for the insertion of new audits that may come along during the year. The register, which has been designed by a professional accountant, provides the means of affording a bird's-eye view of the state of the work at any particular time and thereby facilitating control and management.

United Kingdom Income Tax—A Guide for Foreign Visitors. By Herbert H. Marks, F.C.A. London: Gee & Co. (Publishers) Limited, 8, Kirby Street, E.C.1. (30 pp. Price 2s. 6d. net.)

In this little pamphlet Mr. Marks explains the circumstances under which foreign visitors to this country may render themselves liable to Income Tax, and gives examples showing the working out of the liability. Amongst the matters discussed are the definition of residence, definition of domicile, income arising in the United Kingdom, and foreign income. The explanations are simple and brief, and are more particularly designed for the information of the visitor than the professional man.

The Rights and Duties of Liquidators, Trustees and Receivers (Ranking, Spicer & Pegler). 18th Edition by H. A. R. J. Wilson, F.C.A., F.S.A.A. London: H.F.L. (Publishers) Limited, 19, Fenchurch Street, E.C.3. (424 pp. Price 15s. net.)

The new edition of this well known book incorporates all recent case law on the subjects dealt with and constitutes a very complete handbook of the law and practice arranged under convenient headings. The appendix contains a time table of the various steps to be taken under proceedings in bankruptcy and compulsory liquidation respectively.

The Management Audit. By T. G. Rose. London: Gee & Co. (Publishers) Limited, 6-8, Kirby Street, E.C.1. (48 pp. Price 3s. 6d. net.)

The author of this little book is a Fellow of the Institute of Industrial Administration. He has produced in concise and intelligible form an epitome of the fundamental principles of industrial management in relation to all the branches of a commercial undertaking. The text is illustrated by diagrams, and is well worthy of perusal by anyone who is responsible for the management of a large business.

Changes and Remobals.

Mr. D. T. Boyd, B.(Com.)Sc., 6, Arthur Street, Belfast, and Mr. H. McMillan, 113, Royal Avenue, Belfast, have amalgamated their respective practices. They will practise in future under the style of Oughton, Boyd, McMillan & Co., Incorporated Accountants, at 14-18, Coates Buildings, Castle Street, Belfast.

The practices of Mr. S. C. Carruthers, Incorporated Accountant, National Bank Buildings, Johannesburg, and Tucker, Higgerty & Co., Incorporated Accountants, Calcutta House, Johannesburg, have been amalgamated. In future the practice will be carried on under the name of Carruthers, Tucker & Higgerty, Incorporated Accountants, at 29, Calcutta House, Johannesburg.

Mr. John Davies, Incorporated Accountant, announces that he has moved his offices to Egerton House, Egerton Street, Wrexham.

Messrs. S. K. Day & Co., Incorporated Accountants, announce a change of address to 6, Stephen House, 5, Dalhousie Square, Calcutta.

Mr. W. B. Gurney, Incorporated Accountant, has admitted into partnership Mr. H. J. Notcutt and Mr. A. L. Fisher. They will practise under the name of Gurney, Notcutt & Fisher, at London and Lancashire Building, 148, St. George's Street, Cape Town.

Mr. Ernest W. Hall, Incorporated Accountant, has commenced to practise at 1 and 3, Eden Quay, Dublin.

Mr. S. C. Henderson, Incorporated Accountant, has commenced public practice at 75-79, Coleman Street, London, E.C.2.

Mr. Walter Oldfield, Incorporated Accountant, has taken into partnership Mr. Colin A. Lee. The partnership will be carried on under the firm name of W. Oldfield & Co. at Lloyds Bank Buildings, Gallowtree Gate, Leicester.

Messrs. Patterson, Pilcher & Greenwood, Incorporated Accountants, have removed their offices to Finsbury Pavement House, 120, Moorgate, London, E.C.2.

Mr. P. W. G. Russell, Incorporated Accountant, announces that he is now practising at 1, St. Martin's, Leicester.

Mr. Herbert C. Ryland, Incorporated Accountant, has opened an office at 103, High Street, Brentford.

Messrs. W. Vincent Vale & Co., Incorporated Accountants, have moved their offices from 20, Queen Street, to 16, Waterloo Road, Wolverhampton.

Mr. Robert G. Welsh, Incorporated Accountant, has commenced public practice at Commercial Union Building, 88, St. George's Street, Cape Town.

ASSESSMENT OF BUILDING SOCIETIES.

The following examples of Income Tax computations under the new Arrangement (published in our October issue) have been prepared by Somerset House Officials and are reproduced, by permission, from the September, 1932, issue of the *Building Societies' Gazette* :—

Examples of Computations.

"X" BUILDING SOCIETY.

YEAR TO DECEMBER 31ST, 1931.

PROFIT AND LOSS ACCOUNT.

General Expenses	£10,000	Interest on Advances	£100,000
Depreciation of Offices, &c.	500	Taxed Income Gross	£5,275
Interest on Deposits	5,000	Tax deducted	1,275
Income Tax	2,500		4,000
Balance to Appropriation Account	90,000	Bank Interest	1,500
		Fines, Fees, &c.	2,000
		Profit on Investments Realised	500
	<u>£108,000</u>		<u>£108,000</u>

APPROPRIATION ACCOUNT.

Dividends	£70,000	Balance forward from 1930	£1,000
Losses on Mortgaged Properties Realised	500	Profit from Profit and Loss Account	90,000
Contribution to Reserve	18,500		
Balance forward to 1932	2,000		
	<u>£91,000</u>		<u>£91,000</u>

MEMO. 1.

Distributions for the year £5,000 plus £70,000	=	£75,000
Of this there is on Investments of Companies and over £5,000		2,000
on Investments not exceeding £5,000		73,000
		<u>£75,000</u>

MEMO. 2.

The Income Tax charged in the Account is :—

Computed on Distributions	3,500
Less set-off for Taxed Income	1,000

NET £2,500

"X" BUILDING SOCIETY.

INCOME TAX COMPUTATION, 1932-33.

ACCOUNTS FOR YEAR TO DECEMBER 31ST, 1931.

Balance of Profit and Loss Account	£90,000
<i>Add back :—</i> Depreciation	500
Interest on Deposits	5,000
Income Tax paid	2,500
Income Tax suffered on Dividends	1,275
	<u>99,275</u>
<i>Deduct :—</i> Profit on Investments Realised	£500
Losses on Properties Realised	500
Tax on Distributions before set-off for Taxed Income—see Memo. 2	3,500
	<u>4,500</u>
WHOLE PROFIT	<u>94,775</u>
DISTRIBUTED :	
Charge at Standard Rate	£2,000
Charge at 2/5th Standard Rate	73,000
	<u>75,000</u>
Undistributed charge at Standard Rate	<u>£19,775</u>
CHARGE 1932-33.	
At Standard Rate : £2,000 + £19,775	= £21,775
Less Taxed Income (Gross)	= 5,275
	<u>16,500</u>
At 2/5th Standard Rate : £73,000, equivalent at Standard Rate to	29,200
TOTAL	<u>£45,700 at Standard Rate</u>

"Y" BUILDING SOCIETY.

YEAR TO DECEMBER 31ST, 1931.

PROFIT AND LOSS ACCOUNT.

General Expenses	£20,000	Interest on Advances	£200,000
Depreciation of Offices, &c.	500	Taxed Income Gross	£26,375
Interest on Deposits	6,000	Tax deducted	6,375
Income Tax	3,500		20,000
Balance to Appropriation Account	194,000	Bank Interest	1,500
		Fines, Fees, &c.	2,000
		Profit on Investments Realised	500
	<u>£224,000</u>		<u>£224,000</u>

APPROPRIATION ACCOUNT.

Dividends	£180,000	Balance forward from 1930	£1,000
Losses on Mortgaged Properties Realised	500	Profit for year from Profit and Loss Account	194,000
Contribution to Reserve	10,000		
Balance forward to 1932	4,500		
	<u>£195,000</u>		<u>£195,000</u>

MEMO. 1.

Distributions for the year £6,000 + £180,000	= £186,000
Of this there is on Investments of Companies and over £5,000	= 6,000
on Investments not exceeding £5,000	= 180,000
	<u>£186,000</u>

MEMO. 2.

The Income Tax charged in the Account is:—	
Computed on Distributions	£9,000
Less set-off for Taxed Income	5,500
NET	<u>£3,500</u>

"Y" BUILDING SOCIETY.**INCOME TAX COMPUTATION, 1932-33.**

ACCOUNTS FOR YEAR TO DECEMBER 31ST, 1931.

Balance on Profit and Loss Account	£194,000
Depreciation	500
Interest on Deposits	6,000
Income Tax paid	3,500
Income Tax suffered on Investment Income	6,375
	<u>210,375</u>
Less: Profit on Investments Realised	£500
Losses on Properties Realised	500
Income tax on Distributions before set-off for Taxed Income	
—see Memo. 2	9,000
	<u>10,000</u>
WHOLE PROFIT	200,375
Distributed: Charge at Standard Rate	£6,000
Charge at 2/5th Standard Rate	180,000
	<u>186,000</u>
Undistributed Charge at Standard Rate	<u>£14,375</u>
CHARGE 1932-33.	
At Standard Rate: £6,000 + £14,375	= £20,375
Taxed Income (Gross)	= 26,375
Excess of Taxed Income	£6,000
At 2/5th Standard Rate	= £180,000
Set-off $2\frac{1}{5} \times 6,000$	= 15,000
NET	<u>£165,000 at 2/5th Standard Rate.</u>

Equivalent to £66,000 at Standard Rate.

West of England District Society of Incorporated Accountants.

ANNUAL DINNER.

The annual dinner of the West of England District Society of Incorporated Accountants was held at the Royal Hotel, Bristol, on October 18th.

Alderman H. M. B. KER, J.P., F.S.A.A., President of the West of England Society, was in the chair, and the guests included the Lord Mayor of Bristol (Alderman J. H. Inskip), Mr. E. Cassleton Elliott, F.S.A.A. (President of the Society of Incorporated Accountants and Auditors), the Sheriff of Bristol (Mr. E. Stanley Gange), Mrs. Gange, Dr. C. E. Barry (President of the Law Society), Mr. R. Wilson Bartlett, J.P. (Vice-President of the Society of Incorporated Accountants and Auditors), Mrs. Wilson Bartlett, the Mayor and Mayoress of Bath (Councillor and Mrs. Herbert Chivers), the Mayor and Mayoress of Bridgwater (Councillor and Mrs. C. Bryer), the Mayor and Mayoress of Wells (Councillor and Mrs. J. W. Normansell), Sir Ernest and Lady Cook, Mr. C. Hartley Hodder (Vice-President of the Bristol Incorporated Chamber of Commerce), Mr. A. E. Perkins, F.C.A. (President of the Bristol Society of Chartered Accountants), Mr. H. de Q. Walker (President of the Bath Chamber of Commerce), Mr. F. Organ (President of Bristol Stock Exchange), Mr. Percy Walker, F.S.A.A. (Hon. Secretary of the South Wales and Monmouthshire District Society), Dr. E. W. W. Veale, Mrs. H. M. B. Ker, Mr. Josiah Green (Town Clerk of Bristol), Mr. A. A. Garrett, M.A. (Secretary of the Society of Incorporated Accountants and Auditors), Mr. Sidney Foster (Vice-President of the West of England Society), and Mr. F. A. Webber (Hon. Secretary).

The Loyal Toast having been honoured,

Mr. R. WILSON BARTLETT proposed the toast of "The Lord Mayor and the City of County and Bristol." He said when it was first suggested that his name should be associated with that toast he immediately thought that it should be placed in the hands of a citizen of the city of Bristol. There were two very good reasons for that. In the first place every Bristolian would naturally know more about it than he could. Secondly, he came from a small borough on the other side of the Channel known as Newport (Mon.). He had been largely concerned with fighting the claims of Bristol whether in the realms of commerce, ships, docks, or railway rates, and even on the fields of sport. Mr. Bartlett recalled Cabot's historic association with the city and the brave days of the Merchant Venturers to whom Bristol owed so much. They owed a great deal also to those men who, as recently as the 19th century, acquired the wonderful docks at Portishead and Avonmouth, which had since been enlarged and equipped in such a manner that to-day the Port of Bristol was acknowledged to be one of the chief centres of mercantile trade in the whole of the country, and in consequence there were situated within the boundaries of Bristol some of the best and most successful industries to be found anywhere in the land. He spoke also of its great educational facilities and its wonderful open spaces on all sides. It had been called the city of Churches, but he preferred to think of it as the "City of the West."

The LORD MAYOR OF BRISTOL, in replying, said that it was impossible to overestimate the importance of the profession of accountancy. All the world over the members of the accountancy profession were valued and prized not only for their skill and ability, but for their outstanding

honesty and integrity, and business men relied upon them for guidance more and more in these troublous and testing times.

The SHERIFF OF BRISTOL (Mr. E. Stanley Gange) also replied in a humorous speech.

Dr. C. E. BARRY was given a very cordial reception when he rose to propose the toast of the evening: "The Society of Incorporated Accountants and Auditors." He said that the accountancy profession was an extraordinarily important one, and not only important but progressive. Many people now called in accountants who never did so before. The relationship between the legal profession and the accountancy profession was of a most happy nature. He had often told young friends that they could not do better than become accountants. They would be joining a profession that looked after the helpless. By "helpless" he meant those unwary investors who put money into companies they knew nothing about, and who were bound to rely upon the capabilities of the accountants who investigated their affairs. The responsibility of accountants was very great and it was recognised and accepted accordingly. Dr. Barry remarked that he had received a great deal of material concerned with the profession, the Society and its examinations. He could not pass those examinations himself, and he did not think there was a man in the room, unless he was very young, who could do so. He could never quite understand why there should be these two great societies, the Chartered and the Incorporated. They both served a very useful purpose and solicitors were very pleased to work with them, but he could not help feeling that it would be still more pleasant if they worked as one great body. He thoroughly appreciated both the Institute of Chartered Accountants and the Society of Incorporated Accountants, and all the more so long as they did not try to do legal work.

Mr. E. CASSELTON ELLIOTT (President of the Society of Incorporated Accountants and Auditors) prefaced his reply with a note of congratulation to Dr. Barry on his recent election in Bristol as President of the Law Society, remarking that the degree of Doctor of Laws conferred on Dr. Barry by Bristol University was an honour richly deserved. The duty of the President of the Society was to visit the District Societies in turn, eat their dinners and lunches, enjoy their hospitality and take such exercise as was possible in between. One of the most pleasant tasks was this visit to Bristol, because he felt that it was a very friendly atmosphere, and his very slow journey from town had been well repaid by the hospitality which he had received and by the pleasure of listening to the speeches made that evening. Mr. Elliott spoke of the great influence of the West of England District Society, which had 200 members and 120 student members, and paid a warm tribute to the work of a most efficient Hon. Secretary, Mr. F. A. Webber. One of the things a District Society had to do was to arrange for the education of students, and when he said that the West of England area included Bristol, Exeter, Gloucester, Plymouth, Taunton and Bridgwater, they would realise what a difficult task Mr. Webber had in arranging for lectures. He had done it most efficiently. The West of England members were to be congratulated on the way Mr. Webber looked after their interests. The President next spoke of the use of accountants to the commercial community. There were some people who had the idea that they were simply auditors and that all they did was to work on past records, but the thing he liked about the accountancy profession was that as accountants they were in touch with business and the closer they were in touch the more use they were. He

liked the idea of constructive accountancy rather than destructive accountancy. Some people looked upon them as being simply undertakers winding up this or that business. That was not so. There was nothing accountants liked more than to engage in some constructive work. In the administration and conduct of business they could be most useful, and as directors of companies they could serve very usefully the boards to which they were appointed, provided they were not called in too late. The difficulty often was that the financial director or accountant was not brought upon the scene in time. Every board of a public company should have allocated to it a professional accountant as financial adviser. The board would be considerably strengthened as a result. From his own experience he knew that directors were largely chosen, and rightly so, for their technical qualifications and experience and their skill in the business or industry with which they were concerned, but at the same time figures played such an important part that it was necessary to have a right-hand man as a director who was qualified to deal with those figures. It was important that such a director should preserve an even sense of balance. He must be neither a foolish optimist nor a pessimist. He must look the facts in the face and work in accordance with those facts. Accountants, by reason of their qualifications, were very often called upon to perform quite a large amount of honorary service, and that service was performed because the true accountant never minded placing his qualifications at the service of the community. Accountants were to be found on hospital boards and similar bodies and, above all, actively engaged in municipal life. In the chair that night was Alderman Ker, of the town of Bridgwater. He was a past Mayor of that town and was still serving the Council well, retaining the respect of everyone there for the service he had rendered the community without fee or reward, but for love of the service.

The toast of "The Guests" was proposed by the CHAIRMAN, the response being made by the MAYOR OF BATH.

Incorporated Accountants of Wales.

Autumn Golf Meeting.

The third annual autumn golf meeting of Welsh members of the Society was held on October 15th, on the links of the Pyle and Kenfig Golf Club. Although conditions were somewhat boisterous, there was a good attendance of members and their visitors. An 18-hole medal competition took place with the following results:—

SECTION 1.—Members and Student Members: Mr. E. Leslie Molyneux, 93, 10, 83; Mr. R. P. Thirkell, 103, 18, 85.

SECTION 2.—Visitors: Mr. A. G. Robertson, 97, 19, 78; Mr. W. P. Phillips, 94, 12, 82.

The prizes were distributed by Lt.-Col. R. C. L. Thomas, F.S.A.A., Vice-President of the South Wales and Monmouthshire District Society, who expressed the thanks of the competitors to the officials of the club and to Capt. W. A. Ridewood, the club secretary, for a most enjoyable day.

Professional Appointment.

Mr. Henry Bernard George, Incorporated Accountant, Cape Town, has been appointed Provincial Auditor of Natal, and has therefore resigned from the Committee of the Society's South African (Western) Branch, Cape Town.

Incorporated Accountants' District Society of East Anglia.

ANNUAL DINNER.

The annual dinner of the Incorporated Accountants' District Society of East Anglia was held at the Royal Hotel, Norwich, on October 7th. The PRESIDENT, Mr. H. P. Gowen, J.P., was in the chair, and the guests and members present included Mr. E. Cassleton Elliott (President, Society of Incorporated Accountants and Auditors), the Sheriff of Norwich (Alderman G. Frazer), His Honour Judge Herbert-Smith, LL.D., Mr. Geoffrey Shakespeare, M.P. (Parliamentary Secretary to the Ministry of Health), Mr. G. A. Hartland, M.P., Mr. E. E. Edwards (Parliamentary Secretary, Society of Incorporated Accountants and Auditors), Mr. Noel B. Rudd, M.A. (Town Clerk, Norwich), Mr. H. E. Dyball (President, Norwich Incorporated Chamber of Commerce), Mr. R. T. Fitzjohn (President, Bankers' Institute, Local Centre), Mr. A. F. Turner (H.M. Inspector of Taxes, East Dereham), Mr. E. Crompton (H.M. Inspector of Taxes, Great Yarmouth), Mr. G. E. W. Woolsey (Vice-President, Norwich Incorporated Law Society), Mr. H. Harper Smith, J.P., Mr. F. G. L. Moore, Mr. H. O. Bennett, Major S. T. Tunbridge, Mr. R. C. Larking, Mr. J. D. Freeman, Mr. C. W. Francis, Mr. C. C. Payne, Mr. F. G. Platten, Mr. R. G. Acock, Mr. G. Dugdale, Mr. W. Robinson, Mr. T. H. Tresise, Mr. S. C. Bishop, Mr. A. V. Overton, Mr. O. H. S. Sleight-holme, Mr. W. W. Elven, Mr. F. S. Harrison, Mr. W. R. Maw, Miss Barbara Acock, Mr. R. N. Walker, Mr. D. G. Wills, Mr. K. E. W. Allen, Mr. C. M. Robbins, Mr. L. W. Jordan, Mr. S. C. Parlett, Mr. W. P. Gill, Mr. F. S. Smith, Mr. H. S. Emms, Mr. C. H. Sutton, and Mr. D. V. Hayden (Hon. Secretary).

Mr. G. A. HARTLAND, M.P., proposing "The City of Norwich," said that Norwich had a great past, but it was up to them to show that the city also demanded a place in the future. These were times when people were inclined to be downcast, but he believed Britain was going to lead the world back to prosperity.

Alderman G. FRAZER (the Sheriff of Norwich), in his response, said they were proud of their trade and of the commodities they produced. Norwich made the finest boots and shoes in the British Isles. The trade was in a prosperous condition, judging by the number of pairs produced, but unfortunately they had many out of work. Politicians, statesmen and men of goodwill would have to turn their attention to the fact that a new era had arrived in machinery and scientific development of industry which would have to be used for the benefit of the whole of the persons engaged in it, instead of merely the inventors and owners. He did not think that could come about nationally—it must be internationally. He was proud of the government of their city, but he wished they were allowed to govern it more. There was too much interference from Whitehall.

Mr. H. E. DYBALL (President, Norwich Incorporated Chamber of Commerce), in proposing the "Society of Incorporated Accountants and Auditors," said that Incorporated Accountants were of the greatest possible help in organising and perfecting the commercial undertakings with which they were connected. During the past few years the Income Tax Commissioners had placed the greatest trust in professional accountants, and practically deputed them to decide how much income tax their clients should pay! (Laughter.) This position was not achieved without sacrifice, and the Society had

helped to bring it about. Judging by what was called for in their examinations, they were doing their best to ensure that their students who were to follow them were fully qualified. On behalf of the Chamber of Commerce he very much appreciated the opportunity of being with them. (Applause.)

Mr. E. CASSELETON ELLIOTT (President of the Society of Incorporated Accountants and Auditors), acknowledging the toast, said that the Incorporated Accountants' District Society of East Anglia was founded in 1929. He had had the privilege of coming down to the inaugural luncheon and the first annual dinner. He little thought then that he would be invited to attend their annual dinner this year in his present capacity. The Sheriff's speech reminded him that he was himself a native of Norwich. The East Anglian District Society, though not the youngest, was among the most vigorous of the younger District Societies. The youngest was the London District Society, founded in 1930, which now had 2,000 members, but there was no more vigour in it than in the East Anglian District Society. (Applause.) During the last year or so the immediate past-President, Mr. Henry Morgan, had done yeoman service to the commercial community in emphasising the necessity for Company Law reform, and was instrumental in having a special sub-committee of the Council appointed to consider the matter. Their report, a unanimous one, was issued six months ago, and they were now waiting for the Government to take action. The Government said this question would be given attention in due course. They did not see the necessity for altering the 1929 Companies Act yet. They took the view that there were other more important matters needing attention first. But though the Government had taken no step, accountants would feel that the Society had done valuable work in bringing this question before the public. Those of them who examined balance sheets in the past year must have noticed a great improvement in the stating of balance sheets and in the nature of the auditors' reports. Their qualifications were of a positive rather than a negative nature. In that respect the Society could claim to have done good service to the community. He was pleased that Mr. Dyball was associated with the toast, because accountants were really dependent on commerce to remunerate them for services which they performed to the best of their ability. He thought Mr. Dyball would agree that those services were very useful, not merely from the income tax point of view but in other directions. They did take the view quite deliberately, and said so, that people who made profits should pay a proper proportion of them to the Government. He did not think any of them were open to take the view that they should protect such people from paying their just dues. They never had done so and never would. And if they found an Incorporated Accountant erring in that respect he was dealt with suitably by the Disciplinary Committee of their Society. They also wanted to deal faithfully with the public. They served a useful purpose in holding the balance evenly. They did not give way to the Inspectors if they thought they were right, and would take cases to the Courts if necessary. There was one other method in which Incorporated Accountants could be useful to the community, and that was in regard to the administration of public companies. In many such companies there was now an accountant on the board because of his knowledge of finance and figures. He was there for the benefit of the shareholders as a whole and not of any particular section. He thought that was a very important aspect of the duty. Mr. Dyball had referred to the educational value of the Society. Immediately a boy entered into articles he

automatically belonged to a Students' Society, and it was very essential to success in examination work to become an active member. What they wanted more than ever was some direction of studies for the whole of their students throughout the United Kingdom. It was a great mistake to rely on the crammers for their knowledge of economics, law, costing, &c. He thought their studies should be directed; how it was to be done he was not sure, but he was certain it was absolutely necessary. He thought the principal had a duty to the articulated clerk in the same way as the clerk had a duty to the principal. Work should be varied and divided as much as possible. They were taking these men into the profession, and they wanted them to be a credit to it. When the examinations were passed they were still studying—the Government would not allow them to cease. Governments continually brought in new Acts which had to be studied. There was the annual Finance Act which from an income tax point of view wanted very careful study, and it was essential to read the debates on the Finance Bills as far as possible to see the trend of thought. He was glad the citizens of Norwich had been wise in electing two Lord Mayors who were Incorporated Accountants and that they had others in the Corporation. Accountants must work not only for themselves but for the benefit of mankind, and give of their experience to the world at large. Let them do what they could to further the profession so that the term Incorporated Accountant should be well spoken of and known to everybody. In East Anglia, at any rate, there was plenty to show that Incorporated Accountants were known and honoured in the communities in which they lived. (Applause.)

Mr. G. E. W. WOOLSEY (Vice-President, Norwich Incorporated Law Society) said that as a lawyer he had special pleasure in proposing the toast of "The Incorporated Accountants' District Society of East Anglia," because the duties to the public and the work of the legal and accountancy professions were so closely connected. Accountancy became more and more important, especially in regard to income tax matters, as the Finance Acts became more and more abstruse and intricate. As experts in income tax accountants served not only the community, but the Inland Revenue as well. He believed that the different societies of accountants should amalgamate. Just as no one could practise in law except under the aegis of the Law Society, so should no one be able to practise as an accountant except under the control of one central body. That would be for the benefit of the public in general and of accountants in particular.

The PRESIDENT (Mr. H. P. Gowen) replying for the District Society, said that they stood for the commercial probity of East Anglia. He believed that the Inspectors of Taxes recognised that the Incorporated Accountants of East Anglia were not out to defeat them, but would do justice as between their own clients and the Government. The District Society was a link between the Parent Society in London and members in the Provinces. It was a decentralisation of power. Mainly it was a society for the advancement of students. He ventured to say that every one of them in practice felt a great responsibility to do nothing as principals in their offices that they would be ashamed for their students to know and to follow. Incorporated Accountants held their own in that city. They were looked on as experts in their profession. Many of them had lost clients because they would not be those clients' servants in everything. Remarking that nothing had been said about agriculture, Mr. Gowen urged that no Government could allow agriculture to go under. He believed that if the people at large knew the

number of farmers and agriculturists who had their accounts audited they would be surprised.

Mr. H. HARPER SMITH, J.P., F.S.A.A., proposing the toast of "The Guests," said that their guests were representative of all classes of the professions. He congratulated Mr. Shakespeare on the very high position to which he had attained for so young a man. They hoped he would go further yet. (Hear, hear.)

Judge HERBERT-SMITH responded in not too serious vein, recounting many an anecdote of the law. He said that from his experience he knew of no profession that could confuse an issue in Court more thoroughly than the accountants—with the exception of the doctors! (Laughter.)

Mr. GEOFFREY SHAKESPEARE, M.P. (Parliamentary Secretary to the Ministry of Health), also responding, said these were anxious days for all: for those who were the guardians of industry and for those who were trying to see a way through the difficult and far-reaching problems facing the nations of the world.

District Societies of Incorporated Accountants.

BRADFORD.

Syllabus of Lectures, 1932-33.

- 1932.
- Oct. 25th. Joint Meeting with the Yorkshire District Society of Incorporated Accountants. "Mock Arbitration *re* Accountants' Charges." *Chairman*: Mr. Wm. Gaunt, F.S.A.A. (at Hotel Metropole, King Street, Leeds).
- Nov. 10th. "The Riddle of Trade Depression," by Mr. G. R. Lawson, B.Com., F.S.A.A. *Chairman*: Mr. Herbert Reynolds, F.S.A.A.
- Nov. 24th. "Income Tax," by Mr. E. C. Kinghorn, B.A., A.C.A. *Chairman*: Mr. A. E. Stringer, F.S.A.A. (at Kiosk Café, North Street, Keighley).
- Dec. 1st. "The Accountant and Industry," by Mr. E. Cassleton Elliott, F.S.A.A. *Chairman*: Mr. Fredk. Holliday, F.S.A.A. (at Hotel Metropole, King Street, Leeds).
- Dec. 5th. "Deeds of Arrangement," by Mr. Francis Laycock, Solicitor. *Chairman*: Mr. Joseph Rhodes, F.S.A.A.
- Dec. 12th. "Ladies and the Law," by Mr. Harry Wall, Solicitor. *Chairman*: Mr. Alan P. Burton, A.S.A.A.

1933.

- Jan. 3rd. "Some Financial Aspects of the World Crisis," by Professor J. H. Jones, M.A. *Chairman*: Mr. H. D. Myers, F.S.A.A. (at the Midland Hotel, Bradford).
- Jan. 16th. "Principles of Sale of Goods," by Mr. R. M. Priestley, LL.B., Solicitor. *Chairman*: Mr. H. A. Horsfield, F.S.A.A.
- Jan. 27th. Fifth Annual Supper Dance, to be held in Prince's Ballroom Suite, Midland Hotel, Bradford.
- Feb. 9th. "The Accountant as Executor," by Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A. *Chairman*: Mr. Frank Dean, A.S.A.A.
- Feb. 22nd. Debate with Incorporated Accountants' District Society of Sheffield. "That in the Opinion of the House Modern Youth is losing Ambition." (Bradford Society is taking negative.) (At Sheffield.)

Mar. 15th. Joint Meeting with Chartered Students' Society. "Hat Night."

Mar. 29th. "The Preparation of a Statement of Affairs," by Mr. A. B. Thoseby, A.C.A. *Chairman*: Mr. E. Longbottom, A.S.A.A.

Meetings are held at 7.30 p.m. at the Liberal Club, Bank Street, Bradford, unless otherwise indicated.

HULL.

(STUDENTS' SECTION).

Syllabus of Lectures, 1932-33.

- 1932.
- Oct. 7th. Annual General Meeting.
- Oct. 21st. "Recent Legal Decisions affecting Auditors," by Mr. J. R. Price, A.C.A.
- Nov. 4th. "The Whole Duty of a Director," by Mr. Albert Crew, Barrister-at-Law.
- Nov. 18th. "The Accountant's Banker," by Mr. W. Mathers, Cert.A.I.B.
- Dec. 2nd. "Mercantile Law with Special Reference to Agency," by Mr. O. Griffiths, B.A., LL.B.
- Dec. 16th. Students' Ten-Minute Papers.

1933.

- Jan. 13th. "Executorship Law," by Mr. W. H. Grainger, F.S.A.A.
- Jan. 27th. "Income Tax," by Mr. R. Glynne Williams, A.C.A.
- Feb. 10th. Practical Points in Bankruptcy," by Mr. David Morgan, A.S.A.A.
- Feb. 24th. "Recent Changes in the World's Economic Structure," by Prof. G. C. Allen, M.Com., Ph.D.
- Mar. 10th. "Costing and Cost Accounts," by Mr. J. C. Beauvais, A.C.A.

All meetings will be held at Paragon House, Paragon Street, Hull, at 7.15 p.m.

LEICESTER.

Syllabus of Lectures, 1932-33.

(Held at the Turkey Café, Granby Street, Leicester, at 6 p.m.)

- 1932.
- Oct. 26th. "Currency and Credit," by Mr. C. R. Curtis, B.Sc., F.R.Econ.S.
- Nov. 2nd. "The Whole Duty of a Director," by Mr. Albert Crew, Barrister-at-Law.
- Nov. 16th. "The Gold Standard," by Mr. K. K. Clark, B.A.
- Dec. 7th. "Negotiable Instruments," by Mr. C. A. Sales, LL.B., F.S.A.A.
- Dec. 21st. "Voluntary Liquidation," by Mr. W. H. Grainger, F.S.A.A.

1933.

- Feb. 1st. "Income Tax—relating to recent Statute Law," by Mr. R. Glynne Williams, A.C.A.
- Feb. 15th. "The Effect of Concessions in Income Tax Practice," by Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A.
- Mar. 1st. "The Law relating to Executors and Trustees," by Mr. E. Westby-Nunn, B.A., LL.B.
- Mar. 8th. Subject to be fixed later, by Prof. J. H. Jones, M.A.

(Held at Nicholls, The Drapery, Northampton, at 6 p.m.)

1932.

- Oct. 25th. "Currency and Credit," by Mr. C. R. Curtis, B.Sc., F.R.Econ.S.
- Dec. 6th. "Negotiable Instruments," by Mr. C. A. Sales, LL.B., F.S.A.A.
- Dec. 20th. "Voluntary Liquidation," by Mr. W. H. Grainger, F.S.A.A.

1933.

- Jan. 31st. "Income Tax—relating to recent Statute Law," by Mr. R. Glynne Williams, A.C.A.
- Feb. 14th. "The Effect of Concessions in Income Tax Practice," by Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A.

LIVERPOOL.

On October 4th members of the Liverpool District Society took part in a visit to collieries of the Wigan Coal Corporation. The party left Liverpool in the morning in four groups, which visited respectively the Parsonage Colliery, Leigh (led by the President, Mr. Alexander Hannah), the Chisnall Hall Colliery, Chorley (Major Goulding, Vice-President), the Clock Face Colliery, St. Helens (Mr. Charles Tunnington), and the Maypole Colliery, Abram (Mr. Bertram Nelson, Hon. Secretary). Each group spent from two to three hours underground, and a further hour or more inspecting the colliery buildings, pit baths, and general arrangements. Excellent luncheons followed, and addresses were given on the accounting organisation of the collieries by the respective managers and other officials of the Wigan Coal Corporation.

This was one of the most enjoyable meetings arranged by the Liverpool Society of recent years, and the grateful thanks of members are due to the Wigan Coal Corporation and to the Officials of the collieries visited for the excellent arrangements made.

For the first time since its formation the Liverpool District Society met in Chester on October 6th. The President, Mr. Alexander Hannah, was in the chair, supported by Major E. S. Goulding, O.B.E. (Vice-President), and a representative attendance of members from Chester, North Wales and Liverpool. An interesting address was given by Mr. Lawrence Bailey, Incorporated Accountant, on "Recent Income Tax Cases." A discussion followed, and a vote of thanks to Mr. Bailey and the President was proposed by Mr. Walter Baird and seconded by Mr. Allan Birchenough.

It was arranged to hold further meetings in Chester during the present session, and an informal Committee, consisting of Mr. W. Baird, Mr. H. Parsonage, Mr. H. G. Jenkins, Mr. G. A. Evison, and Mr. J. R. C. Lumley, was appointed to co-operate with the Liverpool Committee in making the arrangements.

NORTH STAFFORDSHIRE.**Syllabus of Lectures, 1932-33.**

- 1932.
- Oct. 20th. "Secretarial Duties," by Mr. A. A. Garrett, M.A., B.Sc., F.C.I.S. (Secretary of the Society of Incorporated Accountants and Auditors). *Chairman*: Mr. Donald H. Bates, J.P., F.S.A.A.
- Oct. 31st. "The Monetary Situation," by Mr. Alex. T. Hunter, C.A. *Chairman*: Mr. J. Paterson Brodie, F.S.A.A.
- Nov. 21st. "Income Tax—Special Reliefs," by Mr. L. W. Caulcott, H.M. Inspector of Taxes. *Chairman*: Mr. W. C. Coxon, F.S.A.A.
- Dec. 14th. "Cost Accounts as Applied to the Pottery Industry," by Mr. Norman Bishell, A.S.A.A. *Chairman*: Mr. R. W. Woodhead, A.S.A.A.
- 1933.
- Jan. 18th. "The Trustee Act of 1925, and Administration of Estates Act, 1925," by Mr. Leonard H. Jones, Solicitor. *Chairman*: Mr. Andrew Brodie, F.S.A.A.

- Feb. 8th. "Bankruptcy," by Mr. P. M. Milward, Official Receiver. *Chairman*: Mr. T. Thompson, F.S.A.A.
- Mar. 3rd. Mock Creditors' Meeting.
- Mar. 31st. Annual Dinner.

The meetings will be held at the Town Hall, Hanley, at 6.30 p.m.

NORTH-WEST LANCASHIRE.**Syllabus of Lectures, 1932-33.**

- 1932.
- Oct. 5th. "Liquidations," by Mr. C. A. Sales, LL.B., F.S.A.A.
- Oct. 26th. "Executorship Accounts," by Mr. C. Townsend, A.S.A.A.
- Dec. 7th. "Executorship Law," by Mr. John Ambler, Solicitor.
- 1933.
- Jan. 18th. "Outline of the Proceedings in Deeds of Arrangement," by Mr. G. Cameron Ollason, F.C.A.
- Feb. 8th. "Some Practical Aspects of Income Tax," by Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A.

NOTTINGHAM, DERBY AND LINCOLN.**Syllabus of Lectures, 1932-33.**

- 1932.
- Oct. 20th. "Executorship Law," by Mr. Arthur Cousin, Solicitor.
- Nov. 10th. "The London Money Market," by Mr. C. Ralph Curtis, B.Sc.
- Nov. 25th. "Income Tax," by Mr. Roy E. Borneman, Barrister-at-Law.
- Dec. 16th. "The Duties and Liabilities of Auditors," by Mr. W. H. Grainger, F.S.A.A.
- 1933.
- Jan. 17th. "Company Accounts," by Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A.
- Feb. 16th. "Divisible Profits," by Mr. H. Kennewell, A.C.A.
- Feb. 23rd. "Costing," by Mr. Walter W. Bigg, F.C.A., F.S.A.A.
- Mar. 7th. "Crises and Fluctuations in Economic Life," by Mr. Arthur Radford, B.Sc.

Meetings will be held at 6.30 p.m., preceded by tea at 6 p.m., at the Reform Club, Victoria Street, Nottingham.

The annual dinner will be held at the Victoria Station Hotel, Nottingham, on January 20th, 1933.

SHEFFIELD.**Syllabus of Lectures, 1932-33.**

- 1932.
- Oct. 6th. "World Trade Economics," by Sir Arthur Balfour, K.B.E., J.P.
- Nov. 29th. "Controlled Inflation of Prices," by Professor J. H. Jones, M.A.
- 1933.
- Jan. 30th. "The Case Against Rationalisation," by Mr. W. Henderson Pringle, M.A., LL.B.
- Mar. — "Some Points on Accounts of Subsidiary and Holding Companies," by Mr. B. H. Binder, F.C.A.

The meetings will be held at the Norris Deakin Buildings, Sheffield, at 6.30 p.m.

At the annual general meeting of the Society it was decided to hold a dinner, and this has been fixed for November 25th, at the Royal Victoria Hotel. The

President of the Parent Society, Mr. E. Cassleton Elliott, has accepted an invitation to be present.

SOUTH WALES AND MONMOUTHSHIRE. (CARDIFF AND DISTRICT STUDENTS' SECTION.)

The first meeting of the session 1932-33 was held on October 6th, when the President of the District Society (Mr. Norman E. Lamb, F.S.A.A.) delivered an Opening Address. Mr. K. S. Williams, A.S.A.A., occupied the chair.

Mr. Lamb gave an interesting talk upon the fundamentals of success, illustrated by many examples of the humble beginnings of leaders of industry and finance. An understanding of men and affairs was considered by him as one of the most important characteristics for attaining success. A systematic reading of the daily newspapers would greatly assist the students in dealing with the questions set at the examinations.

A hearty vote of thanks to the President was proposed by Mr. R. R. Davies, A.S.A.A., and seconded by Mr. Noel Cliffe.

Reference was made to the recent death of Mr. H. F. Hallam, A.S.A.A., of Newport, and the members stood in silence as an expression of sympathy with the relatives.

WEST OF ENGLAND. **Syllabus of Lectures, 1932-33.**

(Held at the Royal Hotel, Bristol, at 6 p.m.)

1932.

Nov. 7th. "Foreign Currencies," by Mr. C. R. Curtis, B.Sc., Econ. *Chairman*: Mr. S. Foster, F.S.A.A.

Nov. 21st. "Bankruptcy Law," by Mr. W. H. Grainger, F.S.A.A. *Chairman*: Mr. H. O. Johnson, F.S.A.A.

Dec. 5th. "Holding Companies and Their Accounts," by Mr. R. Glynn Williams, A.C.A. *Chairman*: Mr. G. J. Barron Curtis, F.S.A.A.

1933.

Jan. 9th. "Devolution upon Intestacy," by Mr. C. A. Sales, LL.B., F.S.A.A. *Chairman*: Mr. C. W. Clark, F.S.A.A.

Jan. 23rd. "Typical Examination Questions in General Commercial Knowledge," by Mr. W. H. Grainger, F.S.A.A. *Chairman*: Mr. C. B. Steed, F.S.A.A.

Feb. 13th. "Points in the Memorandum of Association," by Mr. E. W. W. Veale, LL.D. (Lond.) *Chairman*: Mr. H. M. B. Ker, F.S.A.A.

(Held at the Guildhall, Gloucester, at 5.45 p.m.)

1932.

Nov. 8th. "Foreign Currencies," by Mr. C. R. Curtis, B.Sc., Econ. *Chairman*: Mr. J. S. Dudbridge, J.P., F.S.A.A.

1933.

Jan. 10th. "Devolution upon Intestacy," by Mr. C. A. Sales, LL.B., F.S.A.A. *Chairman*: Mr. D. G. Price, F.S.A.A.

Feb. 7th. "Recent Income Tax Developments," by Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A. *Chairman*: Mr. S. Dudbridge, F.S.A.A.

(Held at Goodbody's Café, Bedford Street, Plymouth, at 7.30 p.m.)

1932.

Nov. 17th. "The Implications of Cheap Money," by Mr. R. G. Firth (Lloyd's Bank). *Chairman*: Mr. P. D. Pascho, A.S.A.A.

Dec. 5th. "The Preparation of Proofs, Proxies, and Statements of Affairs," by Mr. A. N. F. Goodman, LL.B. *Chairman*: Mr. S. H. Roberts, F.S.A.A.

1933.

Jan. 16th. "The Economics of the Tariff Controversy," by Mr. A. S. J. Baster, B.A., B.Com. *Chairman*: Mr. R. E. C. Budge, A.S.A.A.

Feb. 21st. "Costing," by Mr. W. W. Bigg, F.C.A., F.S.A.A. *Chairman*: Mr. W. J. Ching, F.S.A.A.

Mar. 15th. "Income Tax," by Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A. *Chairman*: Mr. W. S. Burgess, A.S.A.A.

(Held at Stafford House, Billetfield, Taunton, at 6 p.m.)

1932.

Nov. 18th. "Foreign Currencies," by Mr. C. R. Curtis, B.Sc., Econ.

Dec. 9th. "Some Examination Problems in Mercantile Law," by Mr. A. G. Davis, LL.M. (Lond.).

1933.

Jan. 20th. "Points in the Memorandum of Association," by Mr. E. W. W. Veale, LL.D. (Lond.) *Chairman*: Mr. A. C. Mole, J.P., F.S.A.A.

Scottish Notes.

(FROM OUR CORRESPONDENT.)

Scottish Council.

A meeting of the Scottish Council was held in Edinburgh on 25th ult. Mr. J. Stewart Seggie, F.S.A.A., President of the Branch, occupied the chair. There were also present: Mr. R. T. Dunlop, Mr. W. Davidson Hall, Mr. E. Hall Wight, Mr. J. A. Gough, Mr. J. Cradock Walker, Glasgow; Mr. W. L. Pattullo, Dundee; Mr. Walter MacGregor and Mr. D. R. Matheson, LL.B., Edinburgh; and Mr. W. J. Wood, Perth; and Mr. James Paterson, Secretary of the Scottish Branch.

Apologies for absence were intimated from Mr. Alex. Davidson, Peterhead; Mr. D. Hill Jack, J.P., Dr. John Bell, Mr. Wm. Houston and Mr. P. G. S. Ritchie, Glasgow; Mr. E. Mortimer Brodie, Port Glasgow; Mr. Arch. Macintyre, J.P., Hamilton.

Prior to the usual business the Council entertained to lunch a number of the practising members in Edinburgh, who were welcomed by the President. Mr. G. W. Fortune, F.S.A.A., and Mr. W. A. Scott, F.S.A.A., replied.

A donation of £2 2s. for the library was intimated from Mr. Walter MacGregor, Edinburgh. Intimation was also made that Mr. W. Davidson Hall, Glasgow, had that day given £4 to be used by the Council for the Students' Prize Fund, or otherwise, in their discretion. Mr. MacGregor and Mr. Hall were cordially thanked for their continued practical interest in the Scottish Branch.

A number of matters relating to the Scottish Branch and the profession in Scotland were considered and variously dealt with.

Aberdeen Students' Society.

A social meeting of the Aberdeen and District Students' Society was held in Aberdeen on the 5th ult. Mr. Alexander Davidson, F.S.A.A., Town Clerk of Peterhead, presided over a good attendance. In the course of the evening Mr. David R. Bishop, A.S.A.A., deputy City Chamberlain of Aberdeen, read a paper on "Municipal Accounts and Rating." Mr. Bishop explained the different accounts which form the Abstract of Accounts prescribed by the Scottish Office for local authorities in Scotland, and various aspects of municipal rating. Mr. James Paterson, Secretary of the Scottish Branch, who was the guest of the

Society, spoke as to the improvements in recent years in municipal accounting, and advocated, amongst other matters, a central Loans Fund from which advances could be made to the various municipal activities. Mr. Wm. Webster, A.S.A.A., Town Chamberlain, Peterhead, Mr. J. J. Sutherland, A.S.A.A., and others also spoke. A discussion, in which several students took part, also took place as to various matters arising out of the Society's examinations.

Glasgow Students' Society.

A meeting of this Society was held on the 17th ult., when an address was given by Mr. Alfred Palmer, A.S.A.A., Glasgow, on "Hints to Examination Candidates." Mr. W. Davidson Hall, F.S.A.A., presided, and was supported by Mr. James Paterson, Secretary of the Scottish Branch, and Mr. E. H. Harris, A.S.A.A. There was a good attendance. Mr. Palmer discussed the difficulties frequently felt by candidates in approaching questions when sitting for examination. He made many valuable suggestions as to how these should be dealt with, providing, of course, the candidate was reasonably well informed of the subject. Questions from previous examinations were discussed and different answers given, each of which might be correct, but which in some cases would likely get more marks than others. The address was highly appreciated by those present, most of whom were candidates.

Notes on Legal Cases.

COMPANY LAW.

In re William Metcalfe & Sons, Limited.

Right to Surplus Assets.

In the absence of a contrary provision in the Memorandum or Articles, the surplus assets of a company remaining after payment and discharge of all debts and liabilities and the repayment of all the capital paid up on the preference and ordinary shares are distributable rateably among the holders of both the preference and ordinary shares, and do not belong to the latter only.

(Ch.; (1932) 48 T.L.R., 651.)

INSOLVENCY.

In re Osborn.

Debtor adjudged Bankrupt in the Isle of Man.

Farwell (J.) held that the High Court, whilst bound to act in aid in enforcing orders of other British Courts under sect. 122 of the Bankruptcy Act, 1914, may impose conditions and require such undertakings as it may think proper in each particular case. Where immoveable property does not vest in the trustee in bankruptcy of another company, a vesting order cannot be made, but the Court may appoint the trustee to be the receiver.

(Ch.; (1932) L.J.N., 134.)

REVENUE.

Glanely v. Wightman.

Stud Farm.

The appellant owned a stud farm and was assessed to income tax under Schedule B in respect of the occupation of the land. He was also assessed under Schedule D in respect of fees paid for the services of his stallions.

It was held by the Court of Appeal, affirming the decision of Rowlatt (J.) (see *Incorporated Accountants' Journal*, September, 1931, p. 556), that the enterprise in connection with the stallions, being separate from the ordinary enterprise attaching to the occupation of land, was separately assessable under Schedule D.

(C.A.; (1932) 48 T.L.R., 644.)

Watson's Trustees v. Wiggins.

Income of Beneficiary under Settlement.

The settlor covenanted with trustees that he would, during the joint lives of himself and his infant son, pay to the trustees an annuity of £350 by equal quarterly instalments. The settlement contained a power for the settlor at any time, with the consent of any one of five named persons, to revoke in whole or in part the trusts thereby declared. During the year ending April 5th, 1931, the annuity was duly paid, but in making the payments the settlor deducted income tax at the standard rate, and on July 15th, 1931, the son claimed through the trustees relief and payment of the income tax. The power of revocation had not been exercised.

It was held by the Court of Appeal, affirming the decision of Rowlatt (J.) (see *Incorporated Accountants' Journal*, July, 1932, p. 404), that the fact that the settlement could in effect be destroyed by the exercise of the power of revocation with consent did not make the income "which by virtue or in consequence of any disposition made, directly or indirectly, by any person . . . is payable to or applicable for the benefit of a child of that person for some period less than the life of the child" within the meaning of sect. 20 (1) of the Finance Act, 1922.

(C.A.; (1932) W.N., 204.)

Oswald Tillotson, Limited, v. Inland Revenue Commissioners.

Allotment of Shares on Reconstruction of Company.

In connection with a scheme for the reconstruction of a company, a new company was formed to enter into a sale agreement to acquire the undertaking of the existing company. The consideration for the agreement was to consist (in addition to the discharge by the new company of certain liabilities of the old company) of the allotment of shares in the new company to the shareholders of the old company. Letters of allotment were sent to these shareholders, accompanied by a form of renunciation. Before the original allottees were registered some of them renounced in favour of other persons, with the result that of the first registered shareholders in the new company those who had been shareholders in the old company held less than 90 per cent. of the shares in the new company. The question of the stamp duty payable on the sale agreement and other documents was submitted for adjudication, the company contending that the sending of the letters of allotment constituted an "issue" of shares to the original allottees, and that the conditions of exemption from *ad valorem* duty laid down in sect. 55 of the Finance Act, 1927, were complied with.

It was held by the Court of Appeal, affirming the decision of Finlay (J.) (see *Incorporated Accountants' Journal*, September, 1932, p. 468), that the allotment letter accompanied by the form of renunciation was not an issue of shares, but only notice that the allottee was entitled to demand that shares should be issued either to himself or, if he preferred it, to his nominee to be named in the form of renunciation. Therefore, *ad valorem* duty was payable.

(C.A.; (1932) 48 T.L.R., 628.)

Incorporated Accountants' Society of London and District.

Reception and Dance.

On Friday, November 18th, the Society will hold a Reception and Dance at Incorporated Accountants' Hall at 8.30 p.m. Members may invite guests, and they are requested to make early application for tickets, to the Secretary at Incorporated Accountants' Hall.

ould,
pay
erly
the
five
usts
191,
ents
ate,
the
wer

the
nts'
tle-
the
ome
dis-
of
ld"
Act,

e

o of
o a
ting
was
any
ent
the
ese
ion.
nem
ult
om-
any
new
able
sub-
hat
an
the
own
ith.
sion
nal,
om-
e of
t to
self
in
uty

of

d a
Hall
are
the



Photograph of the Portrait of Mr. A. A. GARRETT, M.A., B.Sc., F.C.I.S.,
Secretary of The Society of Incorporated Accountants and Auditors.

Painted by Mr. John A. A. Berrie, R.C.A., and presented
to Mr. Garrett by the President on behalf of the Branches
and District Societies at Incorporated Accountants' Hall,
on Thursday, 17th November, 1932.

Profess
Sur-Ta
Revisac
Society
Con
Me
Present
Bankru
Some M
Acc
Incorpo
District
Encoun
Railway
Per
Obituar
Review
Change
Newcas
Claim f
Charter
District
Incorpo
Business
The "S
District
City of L
Personal
Question
Committ
Scottish
Legal N

At In
Nover
place
the S
Audit
his p
Berrie
Cassle
behalf
throug
which
Thoma
Distric
which
quest
Preside
first S
paid a
respon
in our
Hall